

# A New Settlement for London

Minutes of Evidence  
Volume 2

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## Commission on London Governance

### Evidentiary Hearings

<b>Date</b>	<b>List of Witnesses</b>
8 Feb 2005	Tony Travers - Director Greater London Group, London School of Economics
15 Feb 2005	<b>Local Empowerment</b> Simon Jenkins - Evening Standard columnist Paul Wheeler - Director of the Political Skills Forum and formerly of IDEA Anna Randle - Head of Policy, The New Local Government Network Ian Parker, Head of Communications, The New Local Government Network
1 March 2005	Mayor Ken Livingstone
15 March 2005	<b>Housing</b> Neil Litherland, Director of Housing, London Borough of Camden Chris Buss, Director of Housing, Wandsworth Borough Council Berwyn Kinsey, Head of London Housing Federation Donald Hoodless, Group Chief Executive Circle 33 Martin Cheeseman, Director of Housing Services, London Borough of Brent Mike Davis, Director Housing at London Borough of Croydon
5 April 2005	<b>Homelessness</b> Mark Grant - Director of Services and Deputy Chief Executive, Broadway Rebecca Sycamore - Head Homeless Link's London team Martin Cheeseman - Director of Housing, Brent Kamal Faizi – Divisional Director, London Borough of Newham
12 April 2005	<b>Business</b> Irving Yass CB - Director of Policy, London First

	<p>Jo Valentine, Chief Executive, London First          Jeff Austin, Director, Tribal Consulting          Geraint Williams, Strategy Manager for BT Education and Local Government</p>
19 April 2005	<p>Sir Sandy Bruce-Lockhart, Chair, Local Government Association          John Ransford, Director of Education and Social Policy at the Local Government Association</p>
10 May 2005	<p>Michael Snyder          Chairman of the Policy and Resources Committee at Corporation of London</p>
24 May 2005	<p><b>NHS and Provision of Health Services</b>          Carolyn Regan, Chief Executive, North East London Strategic Health Authority          Stuart Bell, Chief Executive, South London &amp; Maudsley NHS Trust          Kathy Jones, Director of Service Development, London Ambulance Service          Caroline Taylor, Chief Executive, Croydon Primary Care Trust</p>
31 May 2005	<p><b>Chief Executives of London Boroughs</b>          Mary Ney, Chief Executives' London Committee, CE of LB Greenwich          Leo Boland, Honorary Secretary of CELC and CE of LB Barnet          Rob Leak, Member of CELC and CE of LB Enfield          Bruce McDonald, Member of CELC and CE of LB Kingston</p>
7 June 2005	<p><b>Grass Roots</b>          Simon Wooley, Chair, Black Londoners Forum          Matt Dykes Policy Officer of SERTUC          Kate Monkhouse, Director, London Civic Forum          Peter Eversden, Chair of the London Forum of Amenity and Civic Societies</p>
14 June 2005	<p><b>Parish Councils</b>          Michael Green, Policy and Parliamentary Affairs Manager          Justin Griggs, Head of Development</p>

	<p>Tim Ricketts, Head of Legal Services  Cllr James Lewis (Labour), Kippax and Methley Ward, Leeds City Council  Cllr Isabella Fraser (Lib Dem), Campbell Park Parish Council, Milton Keynes Council and Chair MK Association of Urban Local Council  Caroline Godfrey, Parish Liaison Manager, Milton Keynes Council Unitary Authority  Cllr Thomas Fraser, Campbell Park Parish Council, Milton Keynes Council and Training Officer for County Association for Parish Councils</p>
20 June 2005	<p><b>Learning Skills</b>  Ros Dunn, Director, Strategy &amp; Corporate Planning, London Development Agency, (LDA representative on LSC London North Council)  Maxine Jones, Director, LDA's Skills and Employment division  Jacqui Henderson, Regional Director London, LSC London Central  Peter Pledger, Executive Director, London West  John Wise, Former Executive Officer, Corporation of London</p>
28 June 2005	Rt Hon Lord Heseltine
12 July 2005	<p><b>New York City</b>  Rosemary Scanlon, Former Deputy State Comptroller for the City of New York  Ester Fuchs, Special Advisor to Mayor Bloomberg.</p>
19 July 2005	<p><b>Waste</b>  Mike Nicholls, General Manager, West London Waste Authority  Barbara Herridge, Chief Executive, Waste Watch  Cllr Gerry Ryan, LB Croydon  John Duffy, Mayor's Policy Director for Environment  Dirk Hazell, Chief Executive, Environmental Services Association  Nick Lester, Director, Transport, Environment and Planning  Simon Read, Project Director, London Recycling Fund</p>
22 July 2005	Sir Michael Lyons, strategic adviser to Government and a Professor of Public Policy at INLOGOV, Birmingham University.

6 September 2005	<b>The Arts</b> Sarah Weir, Executive Director, Arts Council England, London Karin Gartzke, Chief Executive, Richmond Theatre and Chief Executive of the New Wimbledon Theatre Cllr Denise Jones, Deputy Chair, Association of London Government Culture and Tourism Board
13 September 2005	Rt Hon Nick Raynsford MP, former Minister for Local Government and the Regions.
19 October 2005	<b>Policing</b> Police Commissioner, Sir Ian Blair Commander Jim Smith
20 October 2005	First Minister for Wales, Rt Hon Rhodri Morgan Principle Private Secretary, Lawrence Conway

**8 February 2005**

## **Commission on London Governance: First Hearing**

Members of the Commission held its first evidence gathering session on Local Empowerment and improved services for the capital by putting questions to Tony Travers, Director Greater London Group, London School of Economics.

**Present:**

London Assembly

Association of London Government

Bob Neill (Deputy Chair, chaired the session)

Cllr Stephen Carr (substitute for Cllr Edward Lister)

Brian Coleman

Cllr Cameron Geddes

Darren Johnson

Cllr Steve Hitchins

Murad Qureshi

Cllr Clyde Loakes

Graham Tope

Cllr Simon Milton (substitute for Cllr Merrick Cockell)

### **Transcript**

**Bob Neill (Deputy Chair):** The first evidentiary session. The first thing is to introduce Tony Travers. I suspect Tony (Travers) needs very little introduction as Director of the Greater London Group at the London School of Economics (LSE). I should declare an interest as a former product of LSE myself, as I think perhaps others in this room would be connected with this Authority.

Tony (Travers) is acknowledged all round as one of the leading if not the leading academic experts on London. I have certainly found his published works very interesting and useful and of course he has been a great help to both the Greater London Authority (GLA) and the Association of London Government (ALG), often ready to provide us with evidence and advice. We are grateful for trespassing on your time again.

As you know with these things, we like to keep it fairly fluid and try to have a bit of discussion going. There are a number of topics that we want to touch upon. What I think I would be grateful for is your indication to us to start with of what you see as the key areas that need looking at as far as London governance is concerned.

**Tony Travers (Director, Greater London Group, London School of Economics):** Thank you to all members of the Commission for inviting me to this, the first evidentiary hearing of the Commission on London Governance. If I could just say in a historical context, given the number of distinguished enquiries that have addressed this issue – Ullswater (Royal Commission on London Government (Ullswater Commission) 1922), Herbert (Herbert Royal Commission 1960), Marshall (Marshall Report 1978) – over the last century,



in a sense there is always a good time to have another review. The question of what works and what does not in London is a matter of permanent interest, partly because of the city's vast geographical size, and partly because of its history – the way it evolved from small units of government up to being a big city and from time to time, units of city-wide government have been clamped upon it. The question of how the city is best governed is probably never going to be settled once and for all.

If I can address the precise question you asked, Chair, I think if one takes the system as it has evolved over the nearly five years since the GLA Act came into effect, I think what we have seen is a system that has matured. Though there are doubtless calls – as there always will be with London government systems – for something to be abolished, broadly, the system has settled down.

The questions within the present arrangements that still clearly remain to be addressed include the extent to which power is or is not over-concentrated within central government in relation to the powerful new unit of government that the GLA is or could more fully become. The second issue is of course the question of London's – both the boroughs' and the GLA's – financial freedom. The third issue that still remains on the table is whether the arrangements that were initially set up for the GLA and its internal workings are the best they could possibly be. Certainly from my perspective, it seems first, the disposition of powers between central government and London including the boroughs; secondly, financial matters; and thirdly the question of how the GLA operates given that we are now five years into a new system. I think those are the three key issues I would highlight.

**Bob Neill (Deputy Chair):** That is thoughtful, and perhaps if it convenient to members, we will try to take it in broadly those blocks as I think that fits in with some of the issues we ourselves have to think about. Let us kick off with the over-governance. If we were looking at that over-governance, how would you say it is characterised, and what are potentially the problems that you see arising from that? How might we look at it?

**Tony Travers (Director, Greater London Group, London School of Economics):** I think the primary difficulty for this Commission and those represented on it, is that they are only two of the at least three levels of government that operate to a significant extent in London. We live in a state that is relatively centralised. There has been an increase in centralisation under governments of all parties, right back through the 20<sup>th</sup> century, so I literally mean all three of the major parties that have been in power over the last 120 years or so.

For that reason, the GLA has to compete and the boroughs have to compete with national government and an array of quangos, powerful Whitehall barronies, that are themselves very complex and often unwilling to operate outside their narrow terms of reference even though they wish everybody else had to operate in what the Government would describe as a joined-up way. For that reason I think, the question of what powers could be taken from

central government and reallocated to London government – not for the moment saying whether they should stop at the GLA or move on to the boroughs – is a very important issue, particularly now we have five years of knowing what a city-wide government can be. It is worth remembering that London's population at 7.5 million is 50% bigger than Scotland which has a Parliament.

**Bob Neill (Deputy Chair):** Does the evidence that you have come across suggest that that over-concentration actually has an effect on the way public services are delivered, and are we actually missing out on better delivery in consequence of that? Or is it something which is of interest to us as politicians or academics but does not actually have an effect perhaps upon Mr and Mrs Londoner?

**Tony Travers (Director, Greater London Group, London School of Economics):** It certainly has an impact on the capacity for Londoners to understand who does what. Without in any way denigrating what is done by the GLA, by the Mayor and Assembly, I think that many people in London instantly identify with the local town or city hall. They have learned to understand that there is a Mayor of London and an Assembly. What I think they find very difficult to understand is the incredible clutter of institutions, quangos and Government departments that are variously responsible for other services. Forgive me those of you who are also doing good work on for example Primary Care Trusts (PCTs). The array of institutions that exist within the purview of national government but which is also responsible for many direct service provisions to the public is virtually impossible to understand. In terms of what is commonly called transparency, it is very difficult for people to know whom to hold to account if something does or does not work. Whether or not these things would be more efficient or productive if run by lower-level government, we do not know. My personal suspicion is that the lower the level of government that runs a public service, the more likely it is to be subjected to the kind of scrutiny that would make it sit up and think about how it does things. You only have to compare the scrutiny given to council tax with the scrutiny given to all other taxes to see that the pressure on local governments – including the GLA in this regard – is rather greater than that given to central government for its spending.

**Bob Neill (Deputy Chair):** Before I move onto other members, institutionally are there any other lessons that you have come across elsewhere either in the UK or abroad that can perhaps assist us in looking at it with fresh eyes?

**Tony Travers (Director, Greater London Group, London School of Economics):** Absolutely, Chair. Two of them are in the UK: Scotland and Wales, Scotland with a population of 5 million, Wales with 3 million. They have been given very substantially greater devolved powers than the GLA was given, and I think that the fact that they have operated without cataclysm suggests that you could do this in other parts of the UK. Overseas, the city with which London is most often compared, New York, has a vastly greater degree of devolved power – admittedly within a federal system with a constitution. I think even closer to home you have to look at Berlin, a city

whose constitutional position owes a great deal to the United Kingdom and the Allies' creation of a system of government in the late 1940s. Berlin as a smaller city than London has a great deal more power within it than London does, paradoxically, even though the UK Government was one of the contributors to the system that generated the new system of government in Germany in the late 1940s. I think there are examples both within the UK and within America and within Europe of systems of government that allow significantly greater devolution from the centre and which lead to perfectly acceptable systems of government.

**Councillor Simon Milton (ALG):** First I would like to comment that I think Berlin is an interesting example. The city is actually bankrupt and it is only kept afloat by regular transfusions of cash from the central government in Germany. Your general proposition is one that I do not think anyone outside central government would disagree with: that we are too centralised. General propositions only get us so far, and for this to be a valuable exercise – this Commission, not your appearance today – you have to focus on the specifics that we can all agree upon and lobby for change on. What are the two or three things you would advise this Commission to focus upon in arguing for meaningful devolution from central government?

**Tony Travers (Director, Greater London Group, London School of Economics):** It is a fair point, but before I answer that second fair point, perhaps I can address just briefly the Berlin point. I think Berlin of course does have financial problems, but they are ones that effectively come about as a result of the withdrawal of subsidy after reunification rather than anything intrinsic to Berlin itself.

To give specific answers to the question which is a perfectly rational one, if you are asking whether there are examples I could give of things which are currently within the overall purview of national government which could reasonably be handed to London government, I think the answer is there are clearly three kinds of example I would give. First is much of the activity that is currently in the hands of the Government Office for London (GOL). Though I am not in a crude way saying abolish GOL, I think it is curious that GOL has grown in the way it has, or at least has not shrunk as one might have expected in the years after 2000. Therefore, many of the duties that appear to be fulfilled by GOL could reasonably be done either by the GLA or possibly even at the borough level. If we are looking at a major public service that I personally think could reasonably be transferred to the city-wide level – the question of how it is governed thereafter is of course one we could investigate further – it is the health service. I think the current lack of a proper regional structure for the health service in London is itself problematic, but there is a wider issue of whether health services could be run at a London-wide scale with success. I simply say the Scottish government appears to have done this without the end of the National Health Service (NHS) as we know it.

At an important level but for a completely different service, slightly lower levels of public spending, the funding of the Learning and Skills Councils (LSCs) and their functions seem to me pre-eminently ones that could be devolved from

the centre to the London-wide level. I am saying to the London-wide level for the NHS and LSCs' functions; particularly given the make up of this Commission, but I would say it if it were not borough members and Assembly Members, I am not simply saying, 'Hand it all to the GLA.' Some of these responsibilities, frankly, could be cascaded down to the boroughs as well. Some of them.

Those were the three examples I would give: the activities of GOL, the funding and oversight of the NHS, and the funding and oversight of LSCs' responsibilities.

**Valerie Shawcross (AM):** In fact you have focused on three institutions, but from what you were saying earlier about the difficulty of transparency or lack of it, I was wondering which service areas you felt were particularly difficult from a transparency point of view. If I can try to put words in your mouth which you can reject, do you think it is the case that the areas of service provision or policy where there is a great deal of complex mutual interdependency and lack of coordination – for example, regeneration, which is split between a number of different agencies, or post-16 education – do you think they are more of a problem from a transparency point of view? Is there a link between the scattering of powers and the lack of public understanding?

**Tony Travers (Director, Greater London Group, London School of Economics):** Yes, you must be right that where responsibilities are shared, it is very, very, very difficult to keep track of them. Regeneration is a very good example of where regeneration is shared between central government and some of its quangos, and the London Development Agency (LDA) appointed to and accountable to the Mayor, and the boroughs – to name but four levels of government. That difficulty is compounded by the fact that there are so many initiatives. Frankly, I do not think even Government itself can keep track of them. The problem is partly the number of initiatives – again, this is not unique to this Government; this started under the last Government – partly the number of initiatives, and partly the number of institutions.

I think as a generality, the transparency is going to be greater where there are shared responsibilities. The only reason I would hesitate to say, therefore, that this is a useful criterion to imagine, that the implication therefore is single service, single authority, is that in a sense that is often the way local government reforms have been conducted in Britain. They have tried to ensure we have a London borough or a Metropolitan district or a county big enough to provide a specialist music inspector, or whatever it is. I would not want, therefore, to move on to say we have to have authorities that are big enough to provide economies of scale, and therefore get everything at one level. I think there may be some services where there is a legitimate involvement at more than one level. There are others, planning for example, where I think having national government as well as the GLA and the boroughs all making planning decisions does seem almost deliberately, wilfully complicated. I think I am generally agreeing with you, just subject to the caveat that I would not want that therefore to mean we have to have all services only run by one level of government. I think there will inevitably be

services that have to be shared: local transport and planning, city-wide transport and planning, for example.

**Valerie Shawcross (AM):** In those areas, therefore, where there is supposedly an overarching strategy – waste management, say – but there are a number of quite tightly defined relationships in terms of who delivers what, do you think they are more successful in terms of performance and transparency than the service areas like regeneration where there seem to be a number of competing silos, a number of organisations ostensibly doing similar things in the same area without an overarching policy?

**Tony Travers (Director, Greater London Group, London School of Economics):** Instinctively... I have no evidence. It is very difficult; there is no nice research base to say that where there is simple and transparent accountability, there is more efficient service delivery, and where it is complex and confused, less efficient service delivery. I cannot say on the basis of good, robust evidence that that is true. Common sense suggests it would be true. Democratic principles would suggest that unless the public can broadly understand what is going on when it is explained to it, it is not going to be very democratic and pressures will not be brought to bear on services that would be likely to achieve the most efficient and effective result. I cannot say there is evidence of that.

**Valerie Shawcross (AM):** Last question. Do you think there would be any evidence of a correlation between service performance or delivery performance if you are talking about regeneration for example, and transparency, and not a unified control structure, but a more coordinated control structure? Do you think you can see service delivery problems in those areas where we are saying we think we have organisational problems?

**Tony Travers (Director, Greater London Group, London School of Economics):** Again, I think common sense suggests that must be true. The only reason I am being cautious is that if somebody said, 'Where is the evidence?' I am not sure any of us could provide it. My personal view is that where transparency is greatest and where the public and indeed councillors have the clearest idea of what is going on, it is more likely that normal democratic pressures will be brought to bear on effective service delivery. I cannot say more than that because I cannot point to research that would say that there is.

**Valerie Shawcross (AM):** What in your personal view is working well in London and what is broken, as a service not as an institution?

**Tony Travers (Director, Greater London Group, London School of Economics):** Let me give you an example of one where I think transparency has significantly improved since the creation of the GLA, and that is transport. Indeed, though I have made a number of public criticisms about some of the use of resources by Transport for London (TfL), the point that we now know that the Mayor of London is responsible for many transport facilities, city-wide transport facilities, and that when fares go up, the Mayor of London signs a

document which then appears in public and is available at Tube stations saying that he has done it, is an improvement. Everybody knows that the fares are going to go up because the Mayor has decided it, and he has decided it because he wants to invest in some new infrastructure. That simple idea has got across. If you look at the way earlier decisions were made about transport in London, improvements or cuts, they were not so clear. I think the transparency in the public's understanding of government has been improved by that change. That is on the strengths side.

I do not know whether you asked me for a bad one but let us go for a bad one. Your own first question implied this. I think that the understanding of who is responsible for what when it comes to regeneration... it is virtually impossible to know exactly what is going on out there. Even with some planning decisions, by the time they have been made by the borough, passed through the City Hall machinery, not been vetoed and then get called in, again, who is making that decision? I think it is too many levels of government for rationality.

**Valerie Shawcross (AM):** Thank you very much.

**Graham Tope (AM):** I am conscious that you are talking to an audience of I think almost entirely current or very recently former borough councillors, so talking about devolution is music to our ears, but not necessarily going to convince central government. I wanted to take you back to your early comparisons and examples, New York and Berlin, and then in a minute Scotland and Wales. As you said yourself, certainly about New York, it exists in a federal system, as does Berlin. Is one of the big problems in London government the power struggle? For the best part of 1,000 years it has been a struggle between London government, however represented, and central government, whether the monarch or Parliament or whatever. That certainly does not exist in the federal states. Neither New York nor Berlin nor most other capital cities I can immediately think of are quite so dominant in the national economy and the national political life as is London. You are nodding, but how do we actually... We want as a Commission to come up with some things that are achievable, not just our ideal world. How are we going to tackle that key question of the power relationship between London and central government?

**Tony Travers (Director, Greater London Group, London School of Economics):** I absolutely take your starting point: there is no doubt that Prime Ministers from Lord Salisbury to Mrs (Margaret) Thatcher and possibly even the present one in his pre-2001 manifestation have had the deepest suspicion about London's capacity to be over-powerful. There is absolutely no question about that. On the other hand, from time to time, national governments with a great sigh of breath are willing to transfer powers. Why do they do it? It is in their best interests to do it. That is why governments often do things. Of course, they do things for matters of high principle, do not get me wrong, but they also do things when...

Let me give you an example of something that is currently being debated which looks as though it might come to London government, where the discussion I was having with Valerie Shawcross earlier on comes into play and which does demonstrate some of these points. That is, the control of commuter rail in London. Commuter rail is clearly a nightmare for national government to have responsibility for it. It is also not much fun for people living in south London who mostly have to put up with the grotty stations and infrequent services compared with the relatively well-maintained and frequent Tube services north of the river. Interestingly, eventually the Government has decided to abolish the Strategic Rail Authority (SRA), and the possibility of devolving responsibilities for service levels, subsidies and so on to London government is on the agenda. Indeed, in Scotland it has already taken place. Why is that? It suits the Government to do it. Devolution can suit national government when it takes away from it responsibility that it finds irksome, or to use a slightly more principled argument, where there is a very good case for it in terms of the better government of the country in a way that would reflect well on national government itself. It is possible by looking for examples of that kind and describing them in the right way to imagine convincing national government that more than the commuter railway mostly in south London should be devolved to London, because it would improve it and it would actually be better for national government that it was done in this way.

**Graham Tope (AM):** I am broadly in agreement. Essentially what you are saying is that when it is in central government's interest to devolve because things are either difficult or not working, they like to pass the problem on to somebody else to solve. As you know, I am involved with the Metropolitan Police Authority (MPA). I have heard it said many times – the Metropolitan Police, about 25% of the national policing budget – I have heard it said many times that if the Government's crime and disorder initiatives do not work in London, they are not going to work or at least they are perceived not to work on a national scale. I think that is largely true because there is such a concentration on London. No government is going to let go of that, a point relevant to GOL which we will come on to in a minute which is where a lot of it comes through.

**Tony Travers (Director, Greater London Group, London School of Economics):** Can I disagree though, in the sense that if a convincing case could be made to Government that devolving more of the control over the police in London to London government would lead to a significant reduction in crime, I think they would at least have to stop and think about it. The question is whether one can be convincing about doing it. That does raise with the police a very major issue, and that is the extent to which politicians have access to operational control of the police, an issue I would be happy to opine about but do not want to at the moment unless you want me to. Again, if there were to be convincing evidence that crime rates would fall and the police would get a better grip on criminality and anti-social behaviour in London as the result of a transfer to the GLA level and some services to the borough level, I think that Government would accept that if they were convinced it would happen. They would be crazy not to: they would get some of the reflected glory.

**Graham Tope (AM):** I will not get us distracted into policing at this stage. Can I just run into another area, Chair, which is again in a way your comparisons with Scotland and Wales and your suggestions that it should be transferred in a number of areas – health is the particular one you mentioned. Let me just say for the moment transferred to regional government, although I accept very much the point you were making that it does not have to be regional government, or necessarily either/or but both. First of all, Scotland and Wales have a parliamentary system; we have a presidential system in London. Secondly, perhaps more importantly, my real point here is that although as you have rightly pointed out they have significantly lesser population, Scotland, the Scottish Parliament has just over five times as many elected representatives as London, the London Assembly; in Wales there are about three times as many for a very much lesser population. If the regional sphere of government is going to take on more responsibility, would you see the democratic responsibility still resting solely in the Mayor, or do you think we need a larger Assembly, elected body, to fulfil those democratic functions?

**Tony Travers (Director, Greater London Group, London School of Economics):** I am personally a supporter of the idea of directly elected mayors. I realise that the Liberal Democrats as a party are not, but their individuals at city office sometimes are. I would say it would be quite possible to maintain the existing presidential – what I would call mayoral – model in London, and to devolve greater powers to it. However, I do take your point, though I was not going to get onto this here: the question of whether or not the transfer of such powers to the GLA begs the question of whether there should be a rebalancing of power within the GLA, of powers between the Mayor and the Assembly, which I could address now or we could come on to at another point. Whatever happened to rebalance powers within the GLA, I would personally wish to give the Assembly more than their annual budget bite at the apple. I would say yes, I would rebalance power to give the Assembly something more akin to a legislative role, but I would not make it contingent on more responsibilities being handed over. Equally, I would want to balance that with the Mayor getting other responsibilities over staff appointments, but we can come onto that perhaps later on.

**Bob Neill (Deputy Chair):** We will return to that. Probably just dealing with the accountability and structures more generally.

**Councillor Stephen Carr (ALG):** I picked up your point earlier on the PCTs and please rest assured I certainly was not offended by your comments. Whilst the work of the PCTs and Acute Trusts are hugely important locally to people, it is the work – and we have already stumbled on the topic – of the police that seems to me to be at the top of the agenda now. Accountability is a word that is much used and I certainly believe that accountability concentrates the mind. We just heard your thoughts briefly on what the Government may or may not think about devolving power and police powers, etc. I am interested to hear your thoughts on that and whether it can work, and whether indeed more powers should be going down to its natural constituencies, i.e. the boroughs in London.



**Tony Travers (Director, Greater London Group, London School of Economics):** I thought you were going to ask and go beyond to the neighbourhoods but I take it we will come back to that because the Government now has a large and interesting new policy about urban parishes and neighbourhoods. I hope I have made clear that I think that the boundaries between the GLA and central government ought to be open, with a heavy preference of a flow of responsibilities towards the London government level, taking the two tiers together. Of course, it would be wrong to think that the border between the GLA and the boroughs was set in stone for all time. Clearly, there could be responsibility transferred between the two levels of government, GLA to borough or the other way around. Some could go directly from national government to the borough. I think there are responsibilities for example in regeneration, where the amount of oversight at the GOL level would probably be better handled at the borough level for example. I would not say just from national government to the GLA; there may be some things could go from national government to the boroughs. I hope you get the impression that I see the boundaries as permeable but with – in my personal case – a heavy preference for responsibility going down, not up. Does that answer your question?

**Councillor Stephen Carr (ALG):** Thank you.

**Bob Neill (Deputy Chair):** Just following up Stephen's (Carr) point, you talked about the PCTs for example and the LSCs going to natural constituencies; where would you see the accountability line for them going? Where would the natural constituency be? How might we achieve what I think we would all agree we would like to see?

**Tony Travers (Director, Greater London Group, London School of Economics):** I am not absolutely sure that if responsibility for the funding and oversight of the NHS in London were to be devolved one would necessarily come up with the Strategic Health Authority (SHA), PCT and other trust model that we now have. I will try to answer the question as a general one. I think it of course would depend on whether as in Scotland there was a legislative power. Let us assume not, more like Wales, where it would be a matter of a London-wide government operating within England and Wales legislation with the freedoms that would give to the London-wide level of government in determining how best to dispose the institutions of the NHS within the city. Whether you would end up with GLA, SHAs and PCTs I am not certain and I am not to be absolutely honest much of an expert in NHS bureaucracy and reorganisations. I know they are reorganised a lot and I think my general point would be that the decisions about resource allocation and oversight would probably be no worse made at the London-wide level than they are as the result of a very complex national bureaucratic model.

**Bob Neill (Deputy Chair):** Does it follow that delivery might be better done at a borough level?

**Tony Travers (Director, Greater London Group, London School of Economics):** Why not? Absolutely. I am personally hugely sympathetic with the boroughs in their struggles to deal with the world of local strategic partnerships as a way of trying to bring together an array of local services. Only time will tell – I will choose these words carefully – only time will tell whether this is the best way of providing consistency and accountability of all the public services that have to be operated at the borough level. I think the boroughs might be a good case over time for imagining more direct borough responsibility for some of these things.

**Darren Johnson (AM):** On the transparency point, you have held up TfL before as an example of where people know who is in charge and of a system that is largely working in terms of transparency, but is that not because the Mayor has taken a personal decision to lead on that, chair TfL, and largely bypass the TfL board, rather than the way that the system has been set up in the end?

**Tony Travers (Director, Greater London Group, London School of Economics):** You are absolutely right that it would have been possible for the Mayor not to chair TfL. It would have been possible for a Mayor to adopt a very much more hands-off approach to TfL. In the end, however, everybody who stepped on a bus and everybody who got on a Tube train or a river service or even was worried about the regulation of taxis and mini cabs, would know that the Mayor was the person to hold to blame if things went wrong, even if the Mayor was less involved than the present Mayor and the Mayor's Office have been in the control of TfL.

**Darren Johnson (AM):** People do not think like that if a regeneration scheme is not delivering.

**Tony Travers (Director, Greater London Group, London School of Economics):** I take the point, but I think that has more to do with the amorphous nature of regeneration schemes. I am not sure when I last visited a regeneration scheme myself but I do know I used the Tube to come here. In that sense, we are all regular consumers of transport and there are lots of pictures of the Mayor smiling out at you here and there, and reminders of the Mayor all over the system, whether you like them or not. I think with other services that is less the case. If I can stray back into policing, if the Mayor had a more direct responsibility over operational policing, let us say, as mayors do in American cities, I think we would know a great deal more about the Mayor's views on policing even than we do.

**Darren Johnson (AM):** Do you think the Mayor should be given the hands-on role with TfL; it should be replicated across the other functional bodies?

**Tony Travers (Director, Greater London Group, London School of Economics):** I think that in policing there would be a lot to be said for greater political control over policing in general, not just in London. I think that the old fiction that operational policing should reside purely in the hands of Chief

Constables probably does not work in an environment where people demand legitimacy of those who make intimate decisions about what is going on.

**Darren Johnson (AM):** I think clearly competing priorities as well.

**Tony Travers (Director, Greater London Group, London School of Economics):** Absolutely. In that sense, I would move the border line between the Chief Constable or in London's case Commissioner and politicians towards the politicians; again, I would not say only to the Mayor but to the boroughs. I think at that point, as with TfL, we would know more directly whom to hold to account for policing successes or failures than we can possibly know at the moment when it could be the Home Secretary or the Mayor or the MPA or the borough or the Commissioner.

**Darren Johnson (AM):** It is interesting that you say greater political control which does not necessarily as you say just mean the Mayor, but we have different situations on different functional bodies. Do you feel it is a help or a hindrance for Assembly Members with a largely scrutiny role here at City Hall to be directly involved in the boards of the functional bodies?

**Tony Travers (Director, Greater London Group, London School of Economics):** None of this should be heard as being in any sense disparaging of Assembly Members or borough members who sit on the boards, but I do think there is a confusion of having the Assembly as a scrutiny institution and Assembly Members on some of the functional bodies. It is simply a confusion. I would not want that to be end of story. Personally, my view would be that the boards responsible for the services that the GLA is responsible for would not have Assembly Members on them. As I said earlier on, personally I would want to give the Assembly a similar role over the policy as it currently has over the budget. That would give them a say in that way, and that would be a more legitimate model.

**Darren Johnson (AM):** If the Assembly had say a two-thirds blocking majority on policies, you are saying they would not need direct representation on the boards?

**Tony Travers (Director, Greater London Group, London School of Economics):** Not only would they not need it, it would remove the confusion. If you look at the original Green Paper called *New Leadership for London* which was published in advance of the GLA, it and probably the White Paper that followed it envisaged the Assembly holding scrutiny sessions to hold to account the fire and police authorities. That has never happened to my knowledge, at least not in that direct way. It happened indirectly through particular scrutinies or through the budget scrutiny, but not in quite the way I think it was originally envisaged. I think that is because of the difficulty of having Assembly Members both on the boards – and I am not criticising them; this is the legislation, it is nobody's fault – both on the boards and trying to scrutinise the boards. I think that needs to be sorted out. I would also want to add that in addition to strengthening the Assembly's role over policy as I said

earlier, I would want to give the Mayor greater control over staff appointments to balance his power back. There are a lot of things all linked together here.

**Bob Neill (Deputy Chair):** Before I bring others in, is that not almost postulating a scenario that is illogical? If you follow it through in terms of accountability, you actually get rid of the functional bodies, do you not? You say the Mayor appoints the Fire Commissioner, the Police Commissioner – subject to the Home Office in that case – the Transport Commissioner. That is his power, you do not need the boards and he has to get his policy for those through the Assembly, and they scrutinise him.

**Tony Travers (Director, Greater London Group, London School of Economics):** I think as Darren (Johnson) has rightly pointed out, it is not exactly a secret that the boards – certainly the board of TfL – are not exactly prime decision-making bodies. I think that the power runs directly from the Mayor's Office into the Commissioner's Office and that is how decisions are made. That is the reality, and I think you might well say that that reality would remove the need for boards in those circumstances. A Mayor might want to keep the board on as a sounding board and people would want to serve on it in that way, but it is certainly a very different model. Again, if you look at American cities, some do have boards to run services, some do not.

**Murad Qureshi (AM):** Just on your point of controversy, I want to highlight the example of Tokyo which is something I am having to look into as I am sure you will understand, by the end of the week. There, it is quite interesting: we have a governor, much clearer lines of power and authority where there is not the grey area of the quangos in between central and local government; at least there are different tiers of local government. When it comes to delivery, it is tremendously more powerful. For example on crime, where we are talking about reducing crime figures from 1.5 million downwards over the next five years, they are already at 300,000. You might suggest it is to do with culture and what have you, but I just wondered whether there is anything to learn from models like that? We almost have to take a step further back and admit to ourselves that whatever fiddling we do, maybe Londoners are generally keen to complain more often than in other parts of the world. That will not be reflected as well as it could be with the governance systems we are talking about here.

**Tony Travers (Director, Greater London Group, London School of Economics):** I will just check I have understood the point correctly. Coming out of the Tokyo model, which is a sort of strong mayor model with a governor who is very, very powerful indeed: are you saying that model offers the public a greater understanding?

**Murad Qureshi (AM):** It is clearer, I think. You do not have the quangos, for example, on the health and policing front. It is quite clear. I am not sure whether it is that or whether culturally there are other things. I was not there for long enough to claim that.

**Tony Travers (Director, Greater London Group, London School of Economics):** I think there are very powerful cultural issues that differentiate Japan from Britain, Tokyo from London, in terms of the capacity of politicians to deliver, certainly in services such as crime or transport. It is a very visible mayoral system, albeit with a different name for the mayor, and it does appear to work. It certainly demonstrates that you can have a very powerful mayor, a directly elected mayor-type person in a capital city, because the Mayor of Tokyo is after all operating in a capital city. It is a very transparent model but I would personally be cautious of inferring any public service quality issues directly to the power of the Governor of Tokyo, partly since there are massive cultural differences between Japan and the UK, crime being a very good example. However, as in all societies, I think Japan worries about crime and disorder just in the same way as we do albeit at a different level or starting point.

**Murad Qureshi (AM):** On that point, it has to be said, they have predominantly adopted the American system of government since World War II. That is the reality. That is a case of adopting culture, is the point I am trying to make. That may be more adaptable possibly, but that is something I think is worth bearing in mind.

**Tony Travers (Director, Greater London Group, London School of Economics):** It is interesting that powerful mayors are in many societies – or powerful city government systems, so as not to rule out parliamentary ones – are in many societies and many government systems seen as a useful bulwark against over-mighty national government. I will just leave it at that.

**Brian Coleman (AM):** I was trying to work out Mr Qureshi's interest in Tokyo. Can I go back to the issue of membership of functional bodies? Although you say TfL has increased public awareness, I think certainly among Members of the Assembly of all parties, of all the functional bodies, it is seen as the most dysfunctional body. I would put to you that one of the reasons is that elected politicians on the Assembly and indeed elected borough councillors are forbidden by law from serving on it.

**Tony Travers (Director, Greater London Group, London School of Economics):** However, because they are not on the board?

**Brian Coleman (AM):** There is no democratic accountability of TfL.

**Tony Travers (Director, Greater London Group, London School of Economics):** I do not think it is a secret and I have heard TfL board members say this publicly, but I am not sure being on the board would help much, to put it bluntly. I take the point you are making. Though TfL...

**Brian Coleman (AM):** The Mayor is obliged under the Act to be mindful of political party balance on the Assembly when appointing, and mindful of the party balance on the ALG when appointing members. If the same rule was applied to TfL and there was a mix of politicians commensurate to their

strength across London, would that not make that board a darn sight more effective?

**Tony Travers (Director, Greater London Group, London School of Economics):** I am not sure it would because it would recreate the confusion of accountabilities. It may be difficult for the Assembly to scrutinise TfL, but the sessions that are held in this chamber do produce hits on TfL and they do produce information. I think if the TfL board had a number of Assembly Members on it, it would make that scrutiny the more difficult. That is my point.

**Brian Coleman (AM):** The other issue I want to explore is that if you reduce membership of the Assembly to purely a scrutiny role, with Members having no role outside this building and no executive power anywhere, what sort of politicians do you think you would get standing for the Assembly?

**Tony Travers (Director, Greater London Group, London School of Economics):** That is not what I said. If you remember, what I said very clearly was that I am concerned about the confusion created by... and this is not a criticism of any of the politicians concerned; the law is what it is and I am not criticising the work that has been done. Valerie (Shawcross) sent me her recent new plan for the fire service in London and it is enormously impressive and well researched. The point is not to criticise what is done now, simply to point out that the confusion of accountabilities that is created is, I think, very awkward.

**Brian Coleman (AM):** I would not disagree, but the logical conclusion to your line of argument is that the Assembly would be purely...

**Tony Travers (Director, Greater London Group, London School of Economics):** No, if I did not make this clear, let me make it clear now. What I would personally prefer is not to have Assembly Members on boards in so far as they exist. I am less certain about borough members; I think borough members are probably alright actually. However, I would wish to give the Assembly a significantly enhanced role of the kind it has towards the budget, and extending that to policy. At that point, it would have a new and enhanced role to influence and even to stop policy that it did not like. I would then want to give the Mayor greater control over the staffing of City Hall so that he felt, or the Mayor's Office felt, more confident about those structures. It is a three-stage change, and I think all the three things...

**Brian Coleman (AM):** If I can put one final point to you on this one, Assembly Members may have many faults, but most of them have a vague understanding of London-wide issues when you are talking about London-wide issues like police, transport and fire. Borough representatives are on the whole with some exceptions, incredibly parochial.

**Tony Travers (Director, Greater London Group, London School of Economics):** The great thing about those who manage to combine these roles is the seamless way in which they do it, if I may say so. However, the reason I had my little thinking aloud moment there was that the reason I think

it is problematic for Assembly Members, is that they are the ones who have to hold the boards to account. If the boards still existed and there were borough members on them, that is fine: they are from separate authorities. They are from different authorities with a different legitimacy and they would probably be appointed as individuals or as three or four individuals representing different parties. That is different. That is why I am more circumspect about borough members on these boards.

**Bob Neill (Deputy Chair):** Therefore, what you are saying is that you get to a scenario where if you went back to what was envisaged in the Act or the Bill before it came through, there was this veto on the statutory strategies as well. By a qualified majority, or a simple majority?

**Tony Travers (Director, Greater London Group, London School of Economics):** The question of whether the two-thirds majority is too high a hurdle and whether it has to be for an alternative proposition is not, to be honest, one we have enough experience of. I would certainly consider whether the hurdle should be reduced and whether a simple 'no' would be enough. I think that is well worth considering.

**Bob Neill (Deputy Chair):** That is the legislative role in effect?

**Tony Travers (Director, Greater London Group, London School of Economics):** Absolutely.

**Councillor Steve Hitchens (ALG):** I think those last two or three discussions were very helpful because I think there is a lot of broad agreement amongst the members of the Commission around the Government unaccountable bodies: GOL, NHS, LSCs, and the list can go on. I think we would all agree with that. Where we seem to have moved now, more interestingly, is what we would do if they came under the Mayor's area of accountability. I think the three things we always talk about are transparency, accountability and democracy in all of those and how that would work. The fourth thing I would want to add is how the money comes in.

If we are talking now a little bit about the board structure, one of the things that has emerged from this... Assembly Members know this more accurately and intimately than others do; I happen to be on the board of the LDA with Members from the Assembly as a borough representative or as a local government representative appointed by the Mayor who chooses to have it as balanced, getting membership from the main parties. At our level, on TfL as we have heard, the GLA Members are not allowed to sit. As a Liberal, I would not necessarily want consistency; I would want what works. I do not think that we have democracy there by just having democratically accountable people on it. I do not feel that I have anyone to particularly report to as being on the LDA, or that I am holding those democratic accountabilities because I happen to be elected in St Peter's ward in Islington.

There is a confusion there and I would like to hear from you how you see those strands developing. Should we worry about democratic accountability?

Should it just be driven by the policy direction of the GLA as we have heard here? One of the conundrums we are wrestling with is that the mayoral system comes in its purest model from the United States, which is used to presidential systems. We do not have that and I think that is something we are struggling with in all its forms.

**Tony Travers (Director, Greater London Group, London School of Economics):** The question of the pure accountability model for this system is at one level, at city-wide level, through the Mayor, and at the other level through the Assembly. I discussed how I would rebalance that to give the Assembly a more tooth-filled role. You are right that even if that were to be done, the issue of whether there would be full accountability of the functional bodies is an important one. The way the GLA was created was deliberately to try to distance the day-to-day executive running of these services from the very small staff there would be in this building. Things change, of course, and this is Britain: things get blurred; no legislation ever describes what is really going to happen. All of these formal, imagined ways of doing things have changed. Can I ask you whether you are asking would it be better if there were no boards, and the Mayor was directly held to account – assuming it was still a Mayor, you may not want it to be, but if it were still to be – or do you want the boards to have an enhanced accountability? Is that what you are looking for?

**Councillor Steve Hitchins (ALG):** No, the point of this discussion is to ask what you would want, actually. I am trying to avoid the question. What would work? You have described how you see the GLA being structured; you have described how you see the Government quangos, GOL, Regional Health Authorities and the LSC. How would they then be managed?

**Tony Travers (Director, Greater London Group, London School of Economics):** I think in the more widely reformed model I am trying to describe, in a sense the Mayor would still be responsible for setting policy, but in this model the Assembly would have far greater bite, far greater capacity to influence and indeed even occasionally to stop the Mayor from doing things. It would be like the budget but for policy and more so. Therefore, the accountability would be clearly partly with the executive, the Mayor, and partly with the other Assembly Members, rather as in Parliament. In Parliament, although the government of the day is what we tend to judge, senior parliamentarians acting in committees and as individuals are also the way we see... we judge them as well in terms of how effectively they hold the executive to account. There are leading parliamentarians who are very effective at holding the executive to account and that is the kind of model I am trying to move towards here. The accountability would certainly still be to the Mayor when he or she came up for election, but also the Assembly Members would very much more visibly have a capacity to influence things which would enhance their role and make their election that much more challenging and interesting.

**Councillor Steve Hitchins (ALG):** Would they be scrutinising those independent boards? There is a move away from a presidential system in



your description to a slightly more parliamentary model, but you are actually almost describing if you like Ministers of the Mayor's administrations, without having a Minister. They just have a Permanent Secretary. Those would be scrutinised by the Assembly on performance.

**Tony Travers (Director, Greater London Group, London School of Economics):** I take the Chair's earlier point. You might have boards, but you would not necessarily need them in that model. I do not think you necessarily need the boards, but a Mayor might choose to keep them depending on whether the Mayor wanted to continue to operate in that way. You definitely would not need to keep them.

**Bob Neill (Deputy Chair):** Theoretically, the Mayor could have a cabinet.

**Tony Travers (Director, Greater London Group, London School of Economics):** I do not want to go on elaborately. The Mayor could have a cabinet.

**Bob Neill (Deputy Chair):** What you are saying is that there are various ways that could be completed.

**Tony Travers (Director, Greater London Group, London School of Economics):** There are other aspects. I am making clear I think that the Mayor should have greater responsibility for staff appointments. I also believe that within the Mayor's Office the most senior roles should have full job descriptions and titles that make it absolutely clear who is operating directly with the Mayor's say-so in the overall delivery of the Mayor's Office view of the world. I think they are near to that, and again it is not their fault that the system was not created in that way. I would have proper Deputy Mayors who would have a job description and whom the Assembly could then hold to account.

**Councillor Cameron Geddes (ALG):** I think the two extremes we seem to be trying to avoid are firstly the transport situation of giving the Mayor the transport system to play with for four or five years and there being very little on the weekly checks and balance basis, if I can put it that way. The alternative is that there are so many checks and balances – you mentioned how complicated the NHS still is for very many people, for example – that no one is fully sure where it comes in. I am not sure whether in oral evidence today we will be able to make much progress on this issue, specifically where these quangos will end up being fitted-in for accountability. As you said, some services can be provided by different layers of government and I think we are looking for some sort of matrix whereby we clarify what we mean when we talk about devolving services. Are we devolving policy making, are we devolving direct provision, or commissioning, overview, scrutiny? Different areas will presumably vary one from another.

**Tony Travers (Director, Greater London Group, London School of Economics):** Can I just challenge the first part of that proposition? In Wales, where the NHS has been devolved, albeit not in a full parliamentary system

as in Scotland, there is no question that the relatively dismal performance of the NHS in Wales is seen as directly the responsibility of the Welsh Assembly government. Nobody is blaming John Reid (MP, Secretary of State for Health) and the UK Department of Health (DH) for the failures of the NHS in Wales, so I would want to challenge the idea that if such a transfer took place to London, it would not then be possible... I think whoever the executive was, in this case the Mayor of London, would immediately find him or herself deluged with accountability for everything that went wrong in the NHS in London, as Government now is, except it would be very, very much more visible and hair-raising stuff for the holder of the office of Mayor at the time. I do think it would then be easier for London to get a grip on its own Health Service. It would then be up to the executive, in this case the Mayor, to agree with the Assembly the disposition of how resources are allocated and how local accountability operates. It could be through the boroughs, it could be through new intermediary bodies. I think that would then, as in Wales, as in Scotland, be something that could be re-determined for London and it would probably not be as it is in other parts of England at that point.

**Councillor Cameron Geddes (ALG):** That leads onto the other question I have which is that you did mention the possibility of the 33 councils providing some of the PCT work. That would almost immediately remove the accountability to the Mayor for providing them.

**Tony Travers (Director, Greater London Group, London School of Economics):** That would be up to the Mayor who would be the executive. If I am assuming this still operates – and I am hesitant because I am a long way short of being an expert in NHS governance – if the powers that are currently vested in the Secretary of State to decide government or governance for the NHS were devolved to the Mayor of London, I think that would give the Mayor of London significant capacity to decide how to dispose of the responsibilities in his hands. Those could include giving the boroughs a primary role but then it would be a matter of the boroughs and the Mayor debating that through: would the Mayor prefer to have a set of intermediary mayoral quangos or the boroughs doing that job? That would be a matter for a political debate within London, probably within this chamber.

**Bob Neill (Deputy Chair):** Any more on the structural issues before we move onto funding?

**Darren Johnson (AM):** Yes, just one quick point. In terms of the Mayor-Assembly power relations, there is a danger of making it sound terribly complicated, more complicated than it needs to be. We have a directly elected Mayor and we have to accept that as a fact and that is unlikely to change, whatever the Greens' or the Liberal Democrats' opinions on that. That is unlikely to change. In terms of changing the power relationships, we do not need to go all over the place. We only need to look at those local authorities that have directly elected mayors that have given backbench councillors the power to override certain key decisions without interfering with the minutiae of every single tiny little decision that comes forward. Surely one simple step forward would be to give the Assembly the same powers over the

directly elected Mayor here that other councils do have over directly elected mayors in the local authorities?

**Tony Travers (Director, Greater London Group, London School of Economics):** I am not sure. I am not a lawyer. Lawyers would have to answer the question of whether it would be possible. I think it would be possible for the Mayor of London to devolve to the Assembly a right to check him over policy in the way that they can over the budget because they have a legal power to do so. I think it would be unlikely that any Mayor would do that until and unless he or she had what I am considering the balancing power of giving the Mayor far greater control over staff appointments in City Hall. I think that is the essential balancing item in this.

**Darren Johnson (AM):** I think probably most Assembly Members would think that would be a fair deal if they could give up appointments in terms of policy powers. You would need legislation.

**Tony Travers (Director, Greater London Group, London School of Economics):** You definitely could not give him the power to make appointments. Whether or not he could give the Assembly the power to check him, which I think he might be able to by an agreement...

**Darren Johnson (AM):** We are here to propose changes in legislation, not just to fix the system as it is.

**Tony Travers (Director, Greater London Group, London School of Economics):** I do take your general point that the mayoral model other than that the GLA operates in the way you described.

**Darren Johnson (AM):** That has to be a starting point in terms of how we reform Mayor-Assembly relations.

**Valerie Shawcross (AM):** If we are talking about structures, I suspect that the typical Londoner listening to this debate would wonder why we have not talked about poor performance in councils. I think one of the biggest and most screamingly obvious problems we have in London governance is the relatively high number of basket-case councils we have in London. Even in good councils, generally good performing councils, there are significant struggles with certain services, particularly I think Social Services and sometimes Education and others. You have not said anything about possible solutions in that area. If we are having a debate about possibly devolving additional human service provision in some way or involvement with it to the boroughs, what is there to be said about how you improve the performance of the boroughs in the services they have at the minute in London? There is a disproportionate poor performance, I think, in London.

**Tony Travers (Director, Greater London Group, London School of Economics):** There is probably a disproportionate good performance, to be fair. I think the range is very wide. I take your point. I think the worst cases of poor government are probably no longer in London, without naming names

in other parts of the country. I see the general point you are making and I am amazed you did not ask me the more difficult question of whether I would give the Mayor the step-in powers that national government currently has, to which I think the logical answer would have to be yes. Indeed, the current Mayor was making this very point in Manchester at the Delivering Sustainable Communities Summit only last week. The logic of the position I am describing is that the Audit Commission and other inspectorates would continue to exist as they do in Wales and Scotland, albeit increasingly under the direction of the governments in those countries. However, where there was a serious service failure, the responsibility would probably shift significantly from national government to the London government, remembering that this is now a London government with the Mayor and the Assembly in a new relationship, in order to make those decisions. I know this would not be popular with the boroughs in the way that any allocation of resources for example from the upper tier to the boroughs in London would not be popular, but we already do have a certain amount of that.

**Valerie Shawcross (AM):** Could you envisage a situation where the portfolio of services that councils provide could be changed? You were saying earlier how some things need to happen at that level, some at that level, some at that level. Do you think we have got it right in terms of who is doing what if you look at the different layers of government? Could the councils perform better in some services and perhaps need to let go of others?

**Tony Travers (Director, Greater London Group, London School of Economics):** Let go to whom, I suppose is the question. On balance, I think my instincts would not be to transfer any borough responsibilities upwards. I am not saying there are not borderlines between borough and London-wide government responsibilities that would need to be debated and discussed, though you can tell immediately that everyone would defend at least their existing position. Do I think there are any services that need transferring upwards from the boroughs to the London level? No.

**Valerie Shawcross (AM):** Or down to the neighbourhoods?

**Tony Travers (Director, Greater London Group, London School of Economics):** Down to the neighbourhoods, and particularly to the now-envisaged urban parish, which I am sure will be a very popular innovation in the London boroughs. To the urban parish, I think I can imagine devolution in London, yes. I think the idea of boroughs passing some responsibilities over local management issues to an urban parish level, yes, and the resources that go with them, yes.

**Bob Neill (Deputy Chair):** Unless there is anything anyone wanted to ask on the urban parishes and related issues? Anything you wanted to add to that? I think you said to Graham (Tope) that you had some views on how urban parishes and things like that might fit together.

**Tony Travers (Director, Greater London Group, London School of Economics):** Given how fresh this is off the press, the idea of urban parishes

in London, suffice to say that we are gathered here in the early part of a historic endeavour. There have been a lot of reviews of London government, some of which were trying to move away from the essentially parochial nature of earlier models of London government. It is interesting that the present government sees part of the solution to problems of governance – not just at the local level – in far more neighbourhood and local institutions. It is very, very early days to imagine what they will be like in London, whether they will mean the recreation of parishes of the kind that existed in the 19<sup>th</sup> century, or metropolitan boroughs in inner London. It could mean anything; it is too early to say, really.

**Bob Neill (Deputy Chair):** Before we pass on to funding, does it matter if there is variation in service provision across London? Or is that a function from the fact that people might vote in different ways for different sets of parties in different boroughs with different sets of priorities, as opposed to inefficiency, if we are talking about levels of personal political choice?

**Tony Travers (Director, Greater London Group, London School of Economics):** As a personal view, my view is that it is actually good for democracy if there are differences: if people can move from Barnet to Camden, or Croydon to Sutton, and see differences across the boundaries and even decide to move from one to the other, this is good. This is democracy. To be honest – and I look out from Camden into the Westminster boundary and often think of the council tax – there are boundary issues here. I think that the future of the way in which boroughs and the GLA provide their different services will lead to differentiation from borough to borough and ought to. That is not a view that many people hold. We live in a country where in many ways almost the ultimate public service sin is the postcode lottery. In a world where postcode lotteries are seen as very bad things, even in services which are not welfare services, the room for local government is reduced. Personally, I would like to see big variations in what London boroughs provided: low tax, high tax, different ones, people can move. Whether we will ever get there in our political system I somehow doubt. Too localist.

**Bob Neill (Deputy Chair):** What some people would say is that political, administrative devolution is all pointless unless there is some sort of financial devolution that goes with it. Is there any proper fiscal or any other financial devolution in London; should there be; and how could it be achieved if we wanted to look at different ways of doing it?

**Tony Travers (Director, Greater London Group, London School of Economics):** I think it is interesting to note that as recently as the late 19<sup>th</sup> century, which in London's terms – it is a very old city – is not that far away, almost all the money raised by London and in other major city authorities was raised from the local tax payer. We have now moved to a point where of all the taxes that are paid in the United Kingdom, the council tax, the only local tax, is 4% of the total. The other 96% are paid to the Exchequer. In the case of London of course, we all know that more is paid in tax than is received back in overall levels of public spending. Clearly, the kind of reforms I have been

outlining would suggest a significant transfer of public service funding responsibility from national government to local government. If the money simply came across pound for pound, the council tax would become an even tinier proportion of the income available to London government, so I think it would be unsustainable to imagine making such reforms without radically reforming local government finance. We are immediately at that point in the world of the Lyons Review, previously the Rainsford Review, which is of course a wider question of whether we should reform local government finance in England and Wales. I think personally the answer to that is that there are good constitutional arguments and arguments from first principles that we should.

**Bob Neill (Deputy Chair):** Do you have any views from a London perspective about how best that might be done?

**Tony Travers (Director, Greater London Group, London School of Economics):** I think the oddest of all the things that have happened to London government's financial freedom in modern times was the removal of the National Non-Domestic Rate (NNDR) from London's control, from all authorities' control in 1990. It would make a substantial difference to the autonomy of London government if the NNDR was returned and I am heartened to read in this very morning's *Financial Times* that Sir Michael Lyons (Director of the Institute of Local Government Studies, University of Birmingham), the head of the review that is currently looking at local government finance, has been around the country and found there is less resistance to this idea than he had expected. I do not know whether we read that as a signal that he might conclude there should be a return or transfer of the NNDR back to local control. I do think that the fact that the NNDR base reflects in some ways the demands placed upon the city – people move in, they do their business, that creates demands upon the city for services, they then move out, or many of them move out at night – is a powerful argument for returning the Business Rate to London government control, presumably to both levels of government. I think I will say that safely here this afternoon.

**Bob Neill (Deputy Chair):** Does that therefore in some measure go to offset the effect whereby London is subsidising the rest of the country?

**Tony Travers (Director, Greater London Group, London School of Economics):** It would only offset it if full equalisation were not still a goal of public policy for local government.

**Councillor Simon Milton (ALG):** Used to have equalisation in London prior to 1990 and it seemed to work fine, but the money stayed in London: it was equalised from boroughs like Westminster to other parts of London.

**Tony Travers (Director, Greater London Group, London School of Economics):** You are right, but at risk of reducing everybody in the room to torpor, there was a London rate equalisation scheme, you are absolutely right, to which Westminster, Camden, Kensington and Chelsea, and one or two others contributed, and all the other boroughs received a contribution.

However, the national grant was offset by precisely the amount of that, so it did not leave London any better off, in fact.

**Councillor Simon Milton (ALG):** The point was that London was autonomous.

**Tony Travers (Director, Greater London Group, London School of Economics):** It was, absolutely.

**Bob Neill (Deputy Chair):** The only other thought I had is whether you think that is sufficient to give any form of city governance real ability to raise proper discretionary spend? Are there other areas you would want to capture: tourists, or land value?

**Tony Travers (Director, Greater London Group, London School of Economics):** In a sense today I have been outlining perhaps an over-radical imagined change to the way this city is governed, one that would lead to a far greater level of discretion at the local level. I think it probably would require more financial freedom than simply the return of the Business Rate. It would require wider reforms of taxation, but which I do not think could only apply to London. We operate within an England and Wales system for legislation that is passed in the UK Parliament, so I think it would probably have to be part of a wider national solution.

**Bob Neill (Deputy Chair):** Some bits may be easier than others. Are there any members wanting to come in on the financial front? I think we have the gist of what you are saying. Are there questions that members want to raise? Anything you think we have not asked you about that we should have done?

**Tony Travers (Director, Greater London Group, London School of Economics):** No, though if I could say one more thing. As I was saying a moment ago, I have been outlining what is a relatively radical re-disposition of powers within the British political system which personally I would not want to limit only to London. I would see them as part of a loosening-up of central control over local and regional government more generally. I do realise this is all a big change, and going back to Graham Tope's point at the very beginning, all national governments' fear of the power of London has to be factored into all this. The reality as to how radical we can be with the British constitution, or how radical we can be in terms of making London independent or more independent, always has to be viewed through the eyes of a national government which would only do any of this if it saw reasonable benefit for itself.

**Valerie Shawcross (AM):** We have not touched on the European agenda and the fact that there seems to be a stronger role for the cities and city regions in Europe. Do you think there are any opportunities or threats there offered to London?

**Tony Travers (Director, Greater London Group, London School of Economics):** I think the notion of the city region, which you are absolutely

right is one much discussed in Europe, has recently gained speed within the British debate, partly I think as a response to the failure of the North East regional referendum. I think that again one of the other big documents the Government published last week had a strong theme in it about creating city regional governments led by mayors in other parts of England. That is not quite the answer to your question, but it gives the opportunity to discuss the city regional model. I think that there is therefore an opportunity to revisit the London model in the light of any plans to create city region models in other parts of England or Scotland – it would have to be England, I suppose – as a result of that policy. I think the notion that city regions are the drivers of regional and therefore indirectly national economies is now very, very powerfully built into the literature coming out of Europe.

**Valerie Shawcross (AM):** Is it true though?

**Tony Travers (Director, Greater London Group, London School of Economics):** It seems to be, and even if you look at the cities outside London in England which have managed significantly to improve their central areas and to increase the number of people working in them, there undoubtedly is a... though not necessarily the people living in them. There is, however, clearly a requirement that the city economies work if economic benefit can cascade into the countryside and into the rest of the country.

**Bob Neill (Deputy Chair):** Issues we can probably revisit in due course. Tony (Travers), thank you very much for starting off with what was a very stimulating evidentiary session. We are very grateful to you. Maybe if we think of supplementaries we will write or drop a note.

**Tony Travers (Director, Greater London Group, London School of Economics):** I wish you luck.

**Bob Neill (Deputy Chair):** Thank you very much.



**15 February 2005**

## **Commission on London Governance: Second Hearing**

Members of the Commission held an Informal Panel Hearing to discuss how London's political structures could be altered to promote local empowerment and better accountability.

The Commission heard from the following panellists:

- Simon Jenkins - Evening Standard columnist and author of *Big Bang Localism*
- Paul Wheeler - Director of the Political Skills Forum and formerly of IDEA
- Anna Randle - Head of Policy at The New Local Government Network
- Ian Parker, Head of Communications at The New Local Government Network

### **Present:**

London Assembly

Association of London Government

Bob Neill (Deputy Chair)

Cllr Hugh Malyan (Chair, chaired the hearing)

Damian Hockney

Cllr Cameron Geddes

Darren Johnson

Cllr Edward Lister

Valerie Shawcross

Graham Tope

## **Transcript**

**Councillor Hugh Malyan (Chair):** Good afternoon colleagues, ladies and gentlemen. Welcome to the second panel hearing from the Commission on London Governance. We have recently launched our consultation document, which will be spreading itself further and further into the recesses of London over the next month or so. We are doing this series of evidentiary hearings with people right across the spectrum within London – political, business, voluntary sectors and others. This is the second hearing. We are delighted to thank our guests for coming along today to give us their views on the present London governance arrangements. We have Simon Jenkins from the *Evening Standard* and recent author of *Big Bang Localism*. We have Paul Wheeler, Director of the Political Skills Forum and ex-Improvement and Development Agency (IDeA), and Anna Randle (Head of Policy) and Ian Parker (Head of Communications) from the New Local Government Network (NLGN). Anna (Randle) is Head of Policy and was also in this week's

*Municipal Journal* (MJ) with 'The Mobile Society', also touching on local government. I appreciate that for NLGN it is a wider local government brief and not restricted to London, but obviously we are looking for your application as it could apply to London.

If we can start, I am going to kick off with a gentle question. I would like to hear from all four of you to start off with, and then I shall move onto colleagues who have some more specific questions. I would like to ask you what are the key changes to London's governance arrangements that you think we ought to make to improve service delivery and in terms of our three key themes, which are the effectiveness, quality and accountability of those services. Is there anybody who would like to kick off on that?

**Paul Wheeler (Director, Political Skills Forum):** This is just a statistic really. London is slightly better, but on all the research that is done, local government is essentially responsible for 25% of all the public spending. The other 75% is accounted for by a variety of people: health, Benefits Agency, Learning and Skills Council (LSC), the police – so that is a slight difference in London. One of my takes is that given that local government still has the profile of being in charge, and also when asked people say it is local government who they'd prefer to be in charge – how can you, on behalf of that wider London governance, increase the percentage that you have some discretion over from 25% to a higher proportion? The reason I say you should do that, is that you can talk about many different measures, but if you take the Audit Commission as some kind of neutral observer, when you look at what they have done in the last three or four years in terms of what works well, they say that when London government works well, it works very well in terms of public services across the range. My take on that is that it is the combination of having local political intelligence and professional management within one organisation who respect each other. That is the point about elected London governance that to some extent I do not think has been profiled or promoted in the way it should. This has allowed a lot of these other organisations, whether it is LSCs, Regional Development Agencies (RDAs) and so on, to move into an area which frankly does not really compare with good local government when you come to issues of transparency and effectiveness.

My question is: 'Why is local government not more widely understood, particularly in the run-up to 2006 when we have 1,800 councils up for election?' My question comes back to you a bit: if that is an accepted starting point, that good local government is good and does have popular support, why can we not move the percentage it has accountability for, from 25% to something bigger?

**Councillor Hugh Malyan (Chair):** Thank you very much.

**Simon Jenkins (*Evening Standard* columnist):** I would support that. Coming down closer to the grass roots of at least one of your concerns, I think it is quite interesting to look at what it is about London government going right back to the 1960s reforms which has worked and what has not. I happen to think that on the whole, the boroughs have worked, to my amazement. I was

a student of the subject at the time. Everyone thought that merging Kensington and Chelsea, merging St Pancras and Hampstead, just would not work. However, it has on the whole worked; it has stuck. Most people, for instance, know where they are. What I think worked was putting the Inner London Authority (ILA) back to the boroughs, again something which people do not realise. You would not reinvent the ILA today, I do not think.

What I do not think has worked was the merging of wards within boroughs. I would like to see you come up with a reassertion of the concept of neighbourhood most vigorously. Government is beginning to perceive a reassertion of the concept of neighbourhood, but I want to see a concept of neighbourhood empowerment far more than has ever been the case in London, or is envisaged as being the case in this country, with the new parochial powers. I would like to see the neighbourhoods of London – sometimes loosely called villages – given real local administrative powers over things like street cleaning rather like the Business Improvement District model from America, responsibility for the upkeep of their primary schools, their churches, their parks and so on, and that these powers are delegated right down to the level of the neighbourhood, below the level of the present merged wards. That to my mind is where the excitement in London government now rests.

**Councillor Hugh Malyan (Chair):** Thanks very much.

**Anna Randle (Head of Policy, New Local Government Network):** I think we would endorse both of those sets of comments. Just to add some evidence into the question, NLGN has done some research into the different ways that certain London boroughs are devolving. It is important to recognise that we do not have a perfect model that can be applied across different neighbourhoods – neighbourhoods will define themselves differently and that might be according to the questions you are actually asking them to consider. However, there are examples now of London boroughs that are doing some really good things in terms of devolving, in terms of making services more accountable at very local levels, and giving citizens more voice and more influence in the way they are governed. It is those models I would be interested in seeing replicated more broadly across London.

**Councillor Hugh Malyan (Chair):** Okay, thanks very much.

**Ian Parker (Head of Communications, New Local Government Network):** Just to develop one of the points, as Anna (Randle) said, we would agree with much of what Simon (Jenkins) and Paul (Wheeler) had to say. To take further one of Anna's (Randle) points, she mentioned the way in which some London boroughs – as with many other councils around the country – are actually giving citizens a greater say in the way that they receive their local services. NLGN work has found this to be quite effective in the way that people receive social care and the way they apply for social housing. I think we would like to see an expansion of that both in terms of individual choice and more collective choice as a way of perhaps raising the bar in the way that local services are provided. That is something we would certainly endorse.

**Councillor Hugh Malyan (Chair):** Okay, thanks very much.

**Valerie Shawcross (AM):** There are certainly a lot of really interesting issues there. I think we really should have a dive-in later on, on the localism issue. Can I just go back to the accountability questions and drill a bit into that? You are obviously all big supporters of democratic accountability - Let us talk about what that means. I used to be a councillor; I am on the Assembly now. As a councillor, you get involved in structures of different types of accountability. There are bodies where councillors are making decisions directly; there is participation in Local Strategic Partnerships (LSPs) with more participatory democracy, sitting alongside business community boards. What in your view defines accountability? Are the broad range of types of governance structures for public organisations appropriate, or should it be a majority-elected council running the show?

**Simon Jenkins (*Evening Standard* columnist):** Some of us are more mayoral than others, but broadly speaking, I am a mayoral fanatic. It may be a bad day to be preaching this philosophy. One of the things that Anna (Randle) has showed in her recent research on this, is that it comes out of this question of accountability. I have lived in two or three different boroughs, but Camden is my borough now. If that were Paris or Hamburg or Milan, every single citizen of Camden would instantly know who the boss was. That is accountability to me. If you go to them and say, 'Who is the boss?' and they do not know, that is not accountability. I start with name recognition for accountability. We have it for the Mayor of London. That to my mind illustrates one single cardinal point, that this institution that has worked: everyone knows who the Mayor is. We may be blaming the wrong person, but at least there is someone to blame. I would like to see a mayor in every borough .

**Valerie Shawcross (AM):** Can I argue with our guest? I will question that if I may. In terms of the vast amount of work you need to do within a public organisation – particularly a multi-service provision organisation – is it genuinely a matter of accountability to have one person pretending to take those decisions? In London by and large, councils are looking after a budget of £500 million overall. Is it better to actually have a more collegiate, corporate approach with a number of elected members being involved, being able to turn up in person? I am certainly not too sure how the mayoral model – which I certainly do think is appropriate personally – fits with localism, because localism implies using a lot of bodies to do the work.

**Simon Jenkins (*Evening Standard* columnist):** I appeal to all these other countries: they seem to work it all right. Diffused accountability is diluted accountability; concentrated accountability is real accountability. Mayor of London, Mayor of Camden, Mayor of Gospel Oak: you then arrange your community structure around that. If you dilute that accountability all you are doing is simply disappearing behind a closed door.

**Paul Wheeler (Director, Political Skills Forum):** It may be the mayoral model, I do not know what it is, but what most people want to know is who makes the decision. If they do not like it, whom can they blame, and if they do like it, whom can they vote for? Or where can they go to get something? Coming back to that 75-25 split, most of that 75% of public spend is in the realm of complete invisibility. I have never yet been to a further education college that listed the directors of the college, that lists who are the LSC members. I will not put you on the spot but I hope that most of you know who your members of LSCs for your boroughs are, but you would be in a very small minority if you do. Visibility, to some extent, is important. Whether it is vested in one person, the ability to take decisions and be held accountable for them is critical to effective public services. That is the bit I think we are missing at the moment: not so much that we do not have a mayoral model, but frankly, no one knows who is in charge anymore.

**Valerie Shawcross (AM):** Would you do away with LSP bodies or Regeneration Boards when you have local business people?

**Paul Wheeler (Director, Political Skills Forum):** Absolutely not. It is important that you have the expertise and knowledge around the table, but I think when you look at some of the recent experiences of LSPs, what bedevils them is that no one knows who is in charge and who is taking decisions. No one knows who can have the benefit of a decision if it is taken, because everyone is usually accountable to central government agencies of some description. By all means have the experience and knowledge around the table, but that table should know and the people around it should know: 'Can we do something, can we make a decision, do we have the budget for it? If we get it right, if we get it wrong, do people know who we are?'

I think a lot of the history recently in the public sector is people running a mile from accountability, and Railtrack is a brilliant example of that. The one good thing about politicians for good and bad is that you know who they are, and if you do not like them, you can do something about it. I think if you want some kind of public sector governance that works, it may not be the Mayor, but people need to know about accountability and what to do if they disagree with you, or even what to do if they support you.

**Valerie Shawcross (AM):** Do you believe it is important for people to know... Is there a correlation between the quality, the performance of the service, and the degree of accountability? You mentioned Railtrack. Do you think the lack of accountability was a fundamental...

**Paul Wheeler (Director, Political Skills Forum):** I will only make one point about that and it goes back to the point I was making before. Clearly, you cannot expect elected politicians to have the sum knowledge of everything, but what they do bring to the table quite often is local intelligence and they know how far you can go in terms of budgets. They also usually know in terms of corporate management what has worked before, and so on. I am not saying they are the only people around the table, but I think in terms of decision making and taking a risk, they generally are the people who are

willing to do that. When you look at innovation in the public sector, if you look at policing in America, if you think of some of the examples in Europe, most of it has been done by elected politicians taking risks and being innovative. Generally, Chief Constables are not. Certainly people who run hospitals are not innovative, in my experience.

**Councillor Hugh Malyan (Chair):** Okay, thanks. There was a point there about LSPs and I have to say that I think some of them work well and some of them work badly. Most of that is down to process and how they were set up in the first place, not necessarily about principles.

**Graham Tope (AM):** I shall resist debating elected mayors, because one of the things we agreed on was that we were not going to redesign London. We were going to try to concentrate on a few things we thought were achievable. I would like to ask the panel for three particular areas which given the political outlook over the next five years, you think are actually achievable given a will from central government across London governance at regional and local level.

**Anna Randle (Head of Policy, New Local Government Network):** I think you could usefully look at the Mayor that we do have in London and the powers of that Mayor: the powers that the Mayor does and does not have, and some of those the Mayor usefully could have, particularly in terms of accountability if that is what we are talking about. What is it that people want the Mayor to be able to do and what do people think the Mayor already can do that he perhaps cannot? I would say that is an important issue, and along with that comes some consideration of checks and balances by the Assembly and whether those are right as well.

My second one would be to consider the issue of mayors in London boroughs. That is completely achievable, perfectly achievable; that could be achieved tomorrow if the London boroughs want to hold referenda on elected mayors. I think that the evidence from the three London boroughs that do have elected mayors, Lewisham, Hackney and Newham, shows that mayors are working. They actually do provide community leadership in a joined-up way through structures such as LSPs, contrary to expectation, and equally, mayors do not cancel out a role for elected government at a much lower and more local level. I think we need to be clear about what it is we are expecting elected representatives at different levels to do, rather than talk about it as though it was all the same issue. Finally, I would encourage a consideration of neighbourhood government, led by the London boroughs.

**Simon Jenkins (Evening Standard columnist):** I very rarely disagree with Anna (Randle) about anything. They would be my three, I think. Many people find it difficult to have these conversations talking about abstract structures rather than services. When I was doing this book on *Big Bang Localism*, which means localism in, one fell swoop - I was just deeply moved by how other countries do things. I am exasperated by how reluctant British people are to go and look. I cannot tell you the blind ignorance of central civil servants about what happens just across the channel and how things can be

done another way. Trying to come to specifics, taking a leaf from the old GCSE Geography syllabus, you start from the ground up and you move up from the ground. What is it that my neighbourhood in London, which is Primrose Hill, could possibly administer for itself without needing to call upon the services of Camden or for that matter the rest of the ward, Gospel Oak and Chalk Farm?

There is an awful lot if you start thinking about it. We can administer conservation and planning control; we can let the contracts for street cleaning; we can look after the primary schools, two of them, and with great pride I may say; we can look after the squares and the railings and the general upkeep and celebrations that we have. These are things that in France are organised by a commune and with great pride by the mayor. It works; they have never abolished their system. We are perpetually dissatisfied with ours and therefore I look at services from the ground up: how can they be organised at that level? What needs to be done by a borough: Across most of Europe secondary education and primary health care is organised by the boroughs. I think that since policing and health are the two primary issues that people constantly cite as a cause of their dissatisfaction with local government, neither of which of course are classic local government services any more, it would be interesting to see how far you could repatriate both policing and health care to the borough level or even below.

**Councillor Hugh Malyan (Chair):** Can I just pick you up on one point there? Your words were: the letting of the street cleaning contract at what I think was even a sub-ward level. I am a very recently ex-borough leader and the duplication that I would see in terms of administrative function alone and the costs that would involve would frighten the heck out of most people.

**Simon Jenkins (*Evening Standard* columnist):** My street has three sub-contracts already.

**Councillor Hugh Malyan (Chair):** Sub-contracts? But it exists within a wider, overall contract within the borough as a whole?

**Simon Jenkins (*Evening Standard* columnist):** One is the traders, another is a residents' group and the third is the borough –yes chaos. I am saying what you are saying.

**Councillor Hugh Malyan (Chair):** I do not mind about the chaos, as long as it works on the street.

**Simon Jenkins (*Evening Standard* columnist):** It works. Whether it is the most cost-efficient thing, I do not know. All I know is that we regard this as being more or less sold now that we control a bit of it ourselves.

**Councillor Hugh Malyan (Chair):** Okay, thank you.

**Paul Wheeler (Director, Political Skills Forum):** I want to come back to three things. Graham (Tope) is right in a way: we can constantly blame other

people and say they should do something. What can we do together? I will give you one example of that and one of learning from elsewhere. One of the fascinating things that has happened is that Finland have gone from the fattest nation in Europe to the fittest in 10 years. The reason they have done that has been an entirely local government-directed policy in public health. They have taken that and integrated it. You might think, we do not want a nanny state but they have done it in an entirely productive way by encouraging firms to give time for exercise, subsidised better food in schools, the lot. The local authorities have done this and you have seen the end result. Just imagine if the GLA and the boroughs said, 'We want to see better public health.' To some extent it used to be your responsibility and it still is in some respects.

The other thing I would put back to you as politicians: the dog has never barked since 2000 about scrutiny. You are all in a position to scrutinise the Mayor and good luck. But there are other things you and the boroughs can scrutinise and I shall give you one example of that. Most of your housing has now passed out of your control and onto housing associations. They are inspected but that is all they are. No one ever scrutinises them to see whether they are fulfilling their social targets. A lot of these housing associations now operate across borough boundaries. They are some of the largest public sector organisations in London. Frankly, as a resident of Greenwich, I have no idea if they are building social housing in Greenwich. I have a suspicion that what they are doing is saying, 'The land barriers are very high in central London; they are a bit cheaper elsewhere. We have to build 1,000 houses; we will build them in the cheaper areas.' That might not be the area where social need is greatest and I do not think anyone is scrutinising that.

The final thing I would suggest: in the 2006 local elections, 1,800 councils are going to be put up. London is better than most, but if I took a snapshot of London councils, they would not be representative of the wider community and nearly all of them are elected by a political party. I know Camden has and I know you have a couple of other wayward people at the GLA, but generally they are from the three main parties. I do not know about the smaller parties but I know that when you talk to the three main parties, they recognise that they have an obligation to reflect some of the diversity of their communities. They are not sure how to do it. I think there is something there. This comes back to the fact that if you want to be the advert for good governance, you should try to reflect the diversity of the community – and there are reasons why it does not happen, but some of those reasons can be removed. I think if you want to look at three things, look at thee and most are within your control. You do not need central government to sort it out for you.

**Simon Jenkins (*Evening Standard* columnist):** One thing about Finland, the service most commonly opted for by Scandinavians – correct me if I am wrong – or the service they most often wanted repatriated to them from the supervisory or municipal councils was primary health care. It is extraordinary to say that British people assume that primary health care is something for the National Health Service (NHS) because in Scandinavia, it was the one they



wanted right down to the parish level: they wanted to control their clinics and their primary health care most of all.

**Graham Tope (AM):** On those points, I am wholly in agreement with Simon (Jenkins). British people think not only that our way is the right way, but also that it is the only way, which is just absurd nonsense. Whilst the system is different, the history and tradition is different, I certainly accept that we can learn a great deal from other countries. I have just come back from Luxembourg with a population just a little bigger than Croydon, yet with 118 local authorities. Think about it. The other point I agree with is starting at the bottom. You quite rightly talked about neighbourhood level and a bit about borough level. Can we go on and look at the regional and central government level? For centuries there has been a battle between London and central government, whatever that central government was. How are we actually going to vest more power in London at whatever appropriate level?

**Simon Jenkins (*Evening Standard* columnist):** I think that this gets to a much more crucial issue about general centralism. Traditionally in European history, centralism has only been defeated by revolution. I am not at all sure that there is any other way of doing it. Ever since the war, we have become more and more centralist. The only two cases where we have moved in the other direction substantively are Scottish and Welsh devolution, which I think have been successful in their own terms. It is fascinating to me that Rhodri Morgan (First Minister for Wales) is now accused automatically when anything goes wrong in Wales. He is accused on the state of the Welsh Health Service, which is nothing to do with him. So positive is this accountability that he is regarded as accountable even if he is not. To come back to your question of whether there is anything you can do about this in respect of London, London at least has its own Act. There is a statute specifically for London, which I assume sooner or later, will be amended – although it is the largest Act ever passed by the Houses of Parliament...

**Participant:** The Government of India.

**Simon Jenkins (*Evening Standard* columnist):** Is it longer? I am assuming that there will be reforms in the Act. I am assuming you will be one of the lobbyists for those reforms and the measures that I suppose you would be looking at are the absurd size of the London Government, which has contrived to double ever since it was supposed to be abolished. I think that the question of the relationship between the Police Commissioner and the GLA is very important. It is interesting that Michael Howard (MP, Leader of the Conservative Party) having been persuaded to go for direct election of something chooses direct election of the Police Commissioner, a useless idea. It seems to me that it does not matter how well people think you have performed. The only way forward is for you to have more power from above and for you to have less power below you. Your relationship with Government, it is not working now. There is an over-supervised, over-regulated relationship between central government and the locality. In so far as you are the locality, you should be fighting against that.

**Councillor Hugh Malyan (Chair):** Okay, thanks very much. We will move the questions on and work around. If you have specific drill-down points that we have not had time for now, we will have a session at the end to come back on specifics.

**Bob Neill (Deputy Chair):** On the last point, in the London context what Michael Howard said was all right because we have the Mayor.

**Simon Jenkins (*Evening Standard* columnist):** Is he the person he was thinking of?

**Bob Neill (Deputy Chair):** Possibly, one wonders. The logic of this is you would say get rid of all the MPAs. If there is no need for a Police Authority, then there is no need for a Fire Authority, there is no need for Transport for London (TfL) in that sense. Then you would have the direct accountability but just help me - Does it really matter that much to people? Or is it actually that they want somebody to ring up and moan to when things go wrong, but that is a technical thing almost. Are they that fussed about that level of political accountability, or is it the case that providing somebody comes and cleans the drains, provided somebody comes and sorts out their problem with their health service and so on, the structure really does not matter that much?

**Anna Randle (Head of Policy, New Local Government Network):** To give you a very, very local example from Birmingham, which is the second city in the UK, going through a very radical devolution programme at the moment. They have devolved some quite significant budgets and functions to 11 districts across the city, and those districts in turn are considering what might be organised at a lower ward level and a neighbourhood forum level as well. It is not just stopping at the districts which are fairly large. It is a year since that devolution went live and it is an incremental process: they have moved certain sets of functions in the first year, they will move more in over time. In the first year you have high levels of engagement; better public satisfaction with public services; changes in the way those services have been operated and the actual services that have been delivered; budgets have been allocated differently; partners are working in a different way. The evidence from that first year in Birmingham is that citizens like it. It is only very early days. Actually I think that citizens do care about the structures that operate the way in which their services and government is delivered. I do not think they necessarily have to understand the system in its totality; they just have to be able to pull a lever when they need to.

**Paul Wheeler (Director, Political Skills Forum):** There is a bigger thing in the sense that I have some evidence from Market & Opinion Research International (MORI) here. There are some fundamental principles that people actually do prefer things local. When they are asked, 'Who would you rather ran your services: the local government, central government or private companies?', 67% say local government. The process by which they do this, either having these separate functions or one, they will leave that to you as the experts. Fundamentally what they are saying is that they tend to trust things that are more local. The more local, the better. They may have a view

– we could get involved here in whether it is street cleaners. Ultimately, they want things that work. Some of these things do not work, i.e. they are too local for efficiency, and some of this is driving against the other procurement principles; that is the bit they would want you to sort out. The grain is that generally people say – and there is evidence for this – that they trust councillors more than they trust Members of Parliament (MPs). Not by much, but enough for you to feel comfortable that if you want more powers, the public are probably going to sign that box if you get it right.

**Bob Neill (Deputy Chair):** I just have a concern about this plethora of committees and bodies. It is all terribly worthy: we have our neighbourhood committee to sort out this and our road committee to sort out that. However, I do not have the sense there is a vast number of people out there itching to serve on these worthy bodies. They want to get on with their lives.

**Anna Randle (Head of Policy, New Local Government Network):** If you actually look at areas where they have either been given powers or actively encouraged to do that by the local authorities, then the evidence is that they will. Do not impose it – if people do not want it, do not put it into an area – but in Birmingham you have neighbourhood forums working the city. In rural areas, parish councils are actually a model that fit in this very set of criteria: people voluntarily set them up because they do want that influence.

**Paul Wheeler (Director, Political Skills Forum):** I will tell you that the hottest set of contested elections now locally are for the governing boards of schools. They are more contested than any of yours, partly because people know that if it is a good school, it will help my children and it will help my property prices. At my local school, I was so impressed by the people who stood to be on the governing board. If you get the connection right, some people know that, ‘if I put some time in, it will make a difference’, which is important. Part of the problem in encouraging people onto local councils is that I am not quite sure you get that equation right: ‘I put a lot of time in, but does it make any difference?’ The number of people standing down after four years in London is increasing. It is not the electorate forcing this but rather their own view of what they have or have not achieved. If you get it right they’ll be queuing up.

**Bob Neill (Deputy Chair):** All of which involves a complete change of political culture and to do that, you have to accept that services will be delivered at different levels at different localities because it may be that we choose not to spend as much on the school as the one next door and so on. I do not have a problem with that, but realistically, how do you sell that to what is a hugely centralised political club?

**Simon Jenkins (Evening Standard columnist):** Every other country in Europe in the last 20 years has done it without a revolution. In each case it has been done for a particular reason and sometimes quasi-revolutionary as in France. It has happened; it is not rocket science. As my colleagues have said, it is quite stark that when you give organisations power, people will be attracted to them. If you say that your neighbourhood in London is going to

run its own schools, its own primary health care or whatever it may be, people will stand. It is as simple as that. They will not stand if it is powerless.

**Paul Wheeler (Director, Political Skills Forum):** [inaudible]but they have to be prepared to spend money on it. Public spending in these other countries is far higher than ours.

**Ian Parker (Head of Communications, New Local Government Network):** Another example we picked up in our choice research is a parks trust in Milton Keynes where people have shown a willingness to get involved because they want a say in the way that park is run. We see that as just one of many mechanisms for engaging people. We are talking about change in political culture but there is enough already happening out there that just needs disseminating and encouraging further.

**Valerie Shawcross (AM):** Would they be elected people or self-appointed?

**Ian Parker (Head of Communications, New Local Government Network):** Elected ... The point Paul made of is valid, if people think it is worthwhile having some say in it then they will bother to stand and turn out to vote for whoever has been nominated.

**Paul Wheeler (Director, Political Skills Forum):** The only caveat I have on that is that you could be having a generation of people saying, 'We will get in there to make it exclusive.' It comes back to this wider front of why we have politicians and local politicians, and you have to make sure those things do not pull into one community and make it the best in London at the expense of everybody else. The gated community – there are different forms of gates. I just think coming back to the role of London politics and London governance, you have to encourage the best but not at the expense of other services suffering, and how do you get that from competitive instinct saying, 'We will try to improve this school and then we will try to improve the next one as well'? I suppose we are saying it is great, but from your point of view it might be a bit difficult because you end up with 10 good schools and 40 failing ones.

**Councillor Hugh Malyan (Chair):** The park example is a classic one because most councils around London are running things like Friends of the Parks Society, but the classic difference there and the point you have made is whether it becomes something exclusive to the very local community, or whether it is still part of a council-wide or even wider area asset for a wider number of people, and making sure that somebody can make sure it stays like that rather than becoming a little introverted, is absolutely critical.

**Damian Hockney (AM):** One thing that is touched on a lot and you have all mentioned is this 75-25 issue. It is money at the end of the day. Do you not think that an awful lot of local accountability depends on either something as revolutionary as a local income tax or local sales tax; have you thought about those things, and is it the sort of thing that you think could make a difference? If you are putting yourself up for election, I would think if I wanted to be a councillor and put myself up for that, and all I am going to do is administer

other people's rules I do not really like, as a professional, as someone coming from another area – my background is publishing – I would say, 'Sod it, I cannot be bothered.' It is a shame because you want to encourage people like that to get into local government, but I think that is dying and not increasing. What would you say?

**Paul Wheeler (Director, Political Skills Forum):** Simon (Jenkins) said about being revolutionary, but you do not have to be that old, i.e. less than 10 years ago, when you all had business rates. That one single decision completely transformed local finances and it is not a God-given equation that central government should be in charge of the business rates. Coming back to one thing that has changed in five years, if local government took back what was rightly its responsibility to be in charge of the business rates, it could transform the relationship by the fact that the source of funding you have and the problems it gives. I do not know if that is revolutionary but that was 10 years ago, less than 10 years ago, and it was the Conservative Government that did it. I do not know how revolutionary they were, but equally I do not know what the Government has done. It is entirely possible to have business rates which are set locally. Most of Europe does, as well as sales tax which is a slightly different issue.

**Councillor Hugh Malyan (Chair):** Any other comments?

**Ian Parker (Head of Communications, New Local Government Network):** In terms of the work that NLGN has done, I would not disagree with anything Paul (Wheeler) has said. (Professor) Gerry Stoker who is one of our trustees and has written for us on local balance issues has often argued for multiple taxes, well before the Local Government Association (LGA) adopted theirs a couple of years ago. They would include tourist taxes where appropriate, utility taxes where roads are being dug up for a period, hotel bed taxes as well, restaurant taxes in certain areas. He has not argued for extra taxation for the sake of it; it all came with the caveat that you would put this up to local referendum. The positive side of those marginal taxes would be another way of trying to engage people. If they vote no, they vote no, but ultimately it is another way of trying to make people think their say will have some consequences either way.

**Bob Neill (Deputy Chair):** It does not sound a very attractive proposition to me: more referenda, more taxes?

**Simon Jenkins (Evening Standard columnist):** The reality is in London, is that we are very, very under-taxed in local terms. London probably has lower local taxes than any other major city on earth.

**Bob Neill (Deputy Chair):** That is taking it in isolation.

**Simon Jenkins (Evening Standard columnist):** We are talking about trying to find ways to give people more control over their lives, and you do that by giving them control and the other side of that coin is they have to pay for that. If you go to a small community in Connecticut, you will find on your average

usually second home, the local taxes are probably \$20,000. That makes you stand for election.

**Bob Neill (Deputy Chair):** That simply increases total tax-take does it not?

**Simon Jenkins (*Evening Standard* columnist):** It does not; it is deductible from your central taxes, as are local income taxes in America. I am a convert to local income tax. I was fanatically opposed to it until I studied it in Europe. I have changed my mind and I am now in favour of local income tax. One of the reasons is the near impossibility of increasing any other form of taxation, including national income tax. The key to the whole structure of local democracy in Europe as I see it is achieving this balance between giving people a sense of raising resources for their own community to spend on their own community and run in the context of their own community, and equalising those resources so it does not seem unfair to the rest of the nation. The art of tax equalisation is the art of local government in Europe.

**Damian Hockney (AM):** Do you think therefore that all the money a local government spends, right down to its lowest levels should be raised locally?

**Simon Jenkins (*Evening Standard* columnist):** As it is in Sweden, yes. You have to equalise, you cannot get away from that, you have to equalise. That is not rocket science either; every other country does it.

**Damian Hockney (AM):** Do you think that makes a difference to peoples' perception? I do, but I just wondered what you think: to the voters' perception, to people standing, people becoming involved in their local administration?

**Simon Jenkins (*Evening Standard* columnist):** It appears to do so, but something else happens when you do it. People become more tolerant of difference. In Denmark they are much more tolerant of the fact that rich areas do spend a bit more on their schools and hospitals than poor areas. There is some equalisation and cross-subsidy from one to another, but not to 100%. It is only in this country where every morning on the *Today* programme guys are screaming at ministers, 'How dare you have 1% longer waiting lists in Northumberland than they are in Dorset?' We have gone completely crazy on equalisation here.

**Valerie Shawcross (AM):** Postcode lottery is the phrase.

**Simon Jenkins (*Evening Standard* columnist):** Postcode lottery drives me up the wall. What is democracy if not a postcode lottery?

**Paul Wheeler (Director, Political Skills Forum):** It is your choice in a way about some of these issues. One thing about the business rate is that it is not increasing tax, it is just giving it back to a local level. The problem about referenda on taxes is that they are fraught with difficulty. My only thought about a sales tax in London is that it is just a big boost for Bluewater in Lakeside and whether you would want to do it from that point of view. I

suspect that the business rate base in London is probably redistributed. I am not saying it would solve all the problems, but it would certainly make the equation between public spend and public decisions locally much clearer.

**Valerie Shawcross (AM):** Can I come in on that because I think it is a particular problem and one of the things I have seen change in local government: the loss of direct business rate income has meant that councillors are less interested in the economic well being of even small parades of shops. There is not a financial incentive to support those shops.

**Anna Randle (Head of Policy, New Local Government Network):** Can I just throw in one very quick point on the broader question of local financial accountability and autonomy which is that if you are thinking about this pragmatically and what you are actually likely to achieve regardless of the recommendations you make, I would not lose the question of the importance of being able to make more decisions about how you spend the money. Regardless of where the money has come from – if it has been passed down from central government for example – do keep in mind issues about ring fencing and so on. That greater autonomy over how you spend money is a big boost to accountability as well.

**Councillor Cameron Geddes (ALG):** I welcome Paul's (Wheeler) comments on extending scrutiny to housing associations and Primary Care Trusts (PCTs), partly because I looked at that on a local council with some success, but also because it reminds us that if we are talking about services for London, and that is the provision, direct or otherwise, and also the scrutiny and accountability, the two can sometimes be separated. Taking that point does not mean I disagree with everything else anyone has said, I am just analysing things a little bit more closely. On Simon's (Jenkins) point about Primrose Hill, the neighbourhood providing street cleaning, you mentioned a residents' contract. That ties in as a financial interest in that contract being managed properly. Extending to – dare I say – less affluent areas, would you see a problem with that? If you go to a poor area and say, 'We can solve this problem, we can give you more direct control of this. You may have to attend a committee meeting every couple of months; is that a problem? Oh, and you may have to pay more of your relatively low income.' Would you see either of those being hurdles?

**Simon Jenkins (Evening Standard columnist):** I do not think that there is any evidence from abroad that poor neighbourhoods are any less able to look after their own services than rich ones. That is rather a patronising stance. You might say they have more time to look after it. The key is locality. The more local you make them, the more likely people are to attend to the performance of these contracts. In the part of Wales that I go to quite often, absolutely everything you ever hear in the street is somebody complaining about the inability of a distant unitary authority to perform, and a sense of complete impotence in the face of this inability. God bring parish councils back quickly, and make them as multi-purpose and potent as you possibly can. Do not worry unduly about the wealth or poverty of the local people and their ability to manage a contract.

**Damian Hockney (AM):** Parish councillors have been made to feel so much more difficult about doing the job with declarations and things, that everybody is giving up. A couple of my family have given up because they just cannot be bothered.

**Simon Jenkins (*Evening Standard* columnist):** I am told that only 10% have given up because of it, but I take your point. They have been regulated out of existence. The most important thing is to make taxation bite, and if local parish councils start levying huge taxes as they do in most other countries, people will start serving on local parish councils.

**Councillor Cameron Geddes (ALG):** Tax them into voting.

**Paul Wheeler (Director, Political Skills Forum):** Can I just take up Cameron's (Geddes) point because I think the evidence of neighbourhood renewal is quite mixed on the ability of poor communities to regenerate themselves: some can and some cannot. I think one of the critical things we have touched on and to which I do not think there is an easy answer, is what a recognisable community is. Is it a big council estate like Becontree, or is it a mixture? You cannot do social engineering, but if you wanted to get good urban parishes, there would be a mixture of social housing, affordable housing and quite prosperous people as well. They would all have something in common whether it is a neighbourhood school or neighbourhood facilities. They are probably the best areas to get that social capital working because people will work for each other. If they are very exclusive, I will tell you something now: the Hampstead parish council is going to run everything really well, just by the nature of the people who live there. The Somers Town parish council I have less confidence in. Getting that right and how people self-define the community... If the Government are really interested in urban parishes, I think it could be fascinating or equally it could be a disaster. I am not quite sure how it is going to go. As soon as you put money into the equation – you are going to levy rates and so on – again, it could make it very interesting.

**Councillor Cameron Geddes (ALG):** If I can just build on that, the idea of a community. A few years ago when some school governors were removed from schools in Islington and replaced by others, then it was seen as the middle class coming to rescue a working class area. On decentralisation, you mentioned Scotland and Wales, but in many ways local management of schools and the budgets is a pretty major example of decentralisation. Specifically you mentioned as well as parks and street cleaning, primary schools. Paul (Wheeler) touched upon elections for secondary school governors' positions. Again, in the very areas this country needs to improve educational achievement, these are the very areas in which for years so far the educational system has failed people. Therefore the local community, are probably less likely to want to get involved in the local schools. Again, it is just a contrast. Primrose Hill I can imagine as a good, successful community for example. But what about in the very areas we need to attract people - is the suggestion that we decentralise still further?



**Simon Jenkins (*Evening Standard* columnist):** I can see the way you are leading and I do not like it. The fact that Hampstead might be able to run itself quite well but Somers Town might not does not mean to me that Hampstead should not be allowed to. That is where I start. The fact that some areas have problems with their school system, wherever they might be, is indeed a problem that we collectively must tackle. However, it does not mean there is no case for decentralisation or localism. The trouble is that throughout history it has always been the bad London school that has justified central intervention in the school system nationwide because it is the bad London school that gets into the press. I think that evidence from abroad suggests that provided you equalise, provided that Hampstead in controlling its affairs and taxing itself has to pay for the problems of Somers Town, then I think that equity is validated thereby. If Somers Town does not vote for the right people to run itself as Somers Town wants, I am inclined to say more fool Somers Town. Again, you cannot have local government without some broken eggs.

**Councillor Hugh Malyan (Chair):** You spoke about local schools and how it is a problem we must tackle collectively. There is an interesting question there about who 'we' are? How would you demonstrate that the pathway you are suggesting would not make it more difficult for us -the we collectively, to solve that individual, poorly performing school's problem?

**Simon Jenkins (*Evening Standard* columnist):** I am broadly speaking in favour of Local Education Authorities (LEAs) as they are presently constituted, and failing schools is one of their tasks. It is not a task of central government, it is a task of the local education authority. I can see how local education authorities would have a list of schools, most of which worked perfectly well but a couple of which were poor ones. I think that is the way I would handle it. I would not say that all schools have to run at the speed of the worst performing school, that is all I am saying. I think what is interesting about how primary schools are run in most places in Europe is that in the first place they are run by what is effectively the communal parish. Secondly, very few people want them run any other way. It is only in this country that we are constantly dissatisfied with the way in which almost all public services are run. The reason we are dissatisfied, I believe, is over-centralism.

**Anna Randle (Head of Policy, New Local Government Network):** Can I just put in one point? Some of these problems look as though they are arising when you consider parts of the government system in isolation from the rest of the government system. If you are talking about neighbourhoods and how you might involve local people in the direct running of some services, for example a primary school, do not forget that you have other levels of accountability, other levels of government in there with other levers and powers, accountability, scrutiny, power of well being, whatever it might be. You are not just sending a primary school off in a boat and leaving it to fend for itself; it is part of something much bigger. If there are problems locally, there are other levels in the system that can help sort those out. They do not have to be done at the centre.

**Councillor Cameron Geddes (ALG):** Just two brief points. You mentioned NLGN's research highlighting on choice and you mentioned social care and social housing. I would be interested in any examples where you can see choice being extended; would one example be in the fact that outer London is constantly paranoid about inner London moving to outer London, and would you see a choice of being able to stop them in that way?

**Ian Parker (Head of Communications, New Local Government Network):** The empirical work that our colleagues have done at NLGN has focused on... Within London, Camden has been a good example of choice-based lettings. If you know how choice-based lettings work, people having more say in the sorts of areas they want to live in and the types of housing that they live in within the Camden and North London area. The research that we have picked up is not indicating that people are all trying to move to just one bit of Camden, obviously the nicest bit of Camden. With direct payments that is obviously not an issue. This is about a tale of personal services. Again, there are a number of councils on the edges of London like Kingston and South West London and also Essex beyond London where direct payments are being taken up and widely used. This is going to become more common in local government across the pitch, obviously not just in London. It is something that all councils and all politicians need to give people a greater say in how they receive those services.

**Paul Wheeler (Director, Political Skills Forum):** On the choice thing, it is a word at the moment and it bedevils. Just a word on who the 'we' are. The reason I think London boroughs have worked is because they are a reasonably good balance of poor and rich. They do comprise – generally, though things have changed – a good cross section of population. They can support each other in terms of failing schools. They do have the local capital as it were to provide good politicians, good governors and so on from across the range. That is one of the issues. You could obviously point to particular instances where it has not worked, but the 'we' I think generally is that people feel a responsibility for Camden or Lewisham or Greenwich to make them better.

It comes back to your role. If I am a school governor, I know exactly what I am going to do: I am going to make my school the best. Your role as local councillors is to ensure that spirit is engendered across the piece. Then choice becomes a much clearer issue because there is a choice of good schools: there are more good schools available than there are people that want them. The real problem is when there is only one good school and everybody wants to go to it. That is the issue you have to get right about pushing resources and people. If anyone has ever looked at Newham, Newham had a very good policy about school governors. Where there was a failing school, they put governors in. Newham for all its statistics is one of the best performing LEAs in the country in terms of the most improved. I think the management there is one of the reasons why. They were absolutely ruthless about failing head teachers as well - they did not last a minute. I think that is probably what you need. You will all have different stories about that, but I think choice is what you are about: creating it locally. There is no point telling

me there is a really good school in Camden if I live in Greenwich. It does not work.

**Councillor Cameron Geddes (ALG):** The point was that planning has been mentioned once or twice and probably the thing that exasperates a lot of people, not only in London, is the fact that it is quasi-judicial rules. They vote for councillors who then turn up and say to them that the planning regulations will prevent them from doing what you the local neighbourhood want. The idea of choice within London to do with housing and you have hundreds of people exercising their democratic right to turn out and vote and turn up at public meetings is to stop other estates moving in. One of the big questions from people in outer London boroughs – Bromley, Havering, Barking, Dagenham and various others – is: ‘How do we stop development and people moving from inner London to outer London?’ I am just trying to work out whether or not in this Commission we can possibly square the circle.

**Paul Wheeler (Director, Political Skills Forum):** People were saying that in the 1930s too when they were building the big estates. It has always been there.

**Councillor Edward Lister (ALG):** Probably the biggest devolution of power to the boroughs was the demise of the Greater London Council (GLC) and the Inner London Education Authority (ILEA). I would actually argue that the next stage never took place after that, which was the demise of the Government Office for London (GOL). How do you in practical terms see another big shift taking place? We touched on it just now but I would like to pursue that a bit further. How do you see another big shift downwards from the centre, especially if you take the view that in the twilight years of any government they are centralising powers more than they are passing powers out. If you look at John Major’s (Conservative Prime Minister, 1990-1997) period for example, he was centralising like mad. I suspect if there is another Labour Government we will be centralising like mad for the next four years and that tends to be the pattern.

**Councillor Hugh Malyan (Chair):** So this is down from the centre? We are not down at the neighbourhood level? It is centre to regional and local, though that description of regional-local of course is still open. Would anyone like to comment on that?

**Simon Jenkins (*Evening Standard* columnist):** We sort of answered the question when you were not here but I can repeat it. Everything all the time as much as possible is the obvious answer. One of the things we did not discuss which I genuinely agree London will one day have to grasp was the decomposition of the NHS. I think that how London positions itself now and discovers who is going to be running its hospitals is one of the great questions you should be considering now. It cannot go on as it is at the moment. It has to be localised and it will be localised by force if not by any sensible government decision. It will be privatised before it is localised as far as the Government is concerned, but something will have to happen. I think that will end up on your plate and that is a very, very important thing to consider. I

would like to see hospitals run by London and Primary Care Trusts (PCTs) run by neighbourhoods and boroughs.

**Paul Wheeler (Director, Political Skills Forum):** I think Simon (Jenkins) is right about the NHS. None of this will be done willingly; any Government will not do it willingly. I am not sure about hospitals because I think there are some big issues there about who they are responsible to and who their communities are. Again, none of it will be done willingly, but as a four-year strategist, I would be asking how we can get on the right side of those funding decisions and those bodies in terms of achieving full cooperation between the PCT strategy and the local authorities around public health in particular.

I think the other one, again these are just observations, my big *bête noire* is LSCs. I have never understood why anyone loves them other than people who work for them. I do not think anyone would say they have been a success and they are absolutely critical. When you think about the local economy, it is not just your Sixth Form but also vocational education and coming back to businesses having some ability to influence that, and they are millions and millions of pounds to run. There are two - make a case for primary care and LSCs.

**Councillor Edward Lister (ALG):** You could argue both of those were local government functions at one stage. PCTs were if you go back 20 odd years and local authorities were responsible for the local health department.

**Paul Wheeler (Director, Political Skills Forum):** I think you could, so there is a good example of saying we could do this better. I think part of this is not so much an internal argument between you and the Government, it is what the public think. Could you bring the public on your side with some of this? That might be differential: they might have a better view of you in Wandsworth than other places, I do not know. That issue might be something you need to think about. It is not going to be an argument about you versus central government, and if it is you will lose. If someone else is involved in it – London business or people who use the NHS – there might be a slightly different take.

**Simon Jenkins (*Evening Standard* columnist):** I would add one more service, unquestionably the worst service in London bar none: the prisons. I think the prisons should be a London municipal service. They used to be, as you said.

**Darren Johnson (AM):** Going back to the neighbourhood level, Anna (Randle) was talking about innovative ways that local authorities can decentralise and reforms and all the rest of it, but unless someone is actually directly elected, do you think you can really have the accountability and the transparency and people actually engaging with that body and knowing what it is responsible for if it is just a forum of some sort of quasi-devolved thing from the council as opposed to something directly elected like a parish council?

**Anna Randle (Head of Policy, New Local Government Network):** There is clearly a spectrum of different ways you can try to develop this engagement at local level ranging from the least radical end, consultation, to the most radical end, direct election and direct delivery of services. I think that depending on what functions it is you want people to be considering and having some leverage over, different bodies with different functions are appropriate. It might be that in some cases you want direct election, but in others you do not want a consultative forum, you want something else. I would steer away from being very dogmatic and saying you need directly elected, politically autonomous bodies at the local level everywhere. I do not think that is the case. You have to be quite astute about what it is that you are actually offering people and create a structure appropriately.

**Darren Johnson (AM):** I think it would be a disaster to impose those on communities that do not actually want a directly elected body. It has to be a bottom-up thing. Do you think people can really relate to a forum and know what they are responsible for and know who is accountable and all the rest of it in the same way that they could relate to an urban parish council?

**Anna Randle (Head of Policy, New Local Government Network):** I think they can. The evidence is that they can and they are in some places. One interesting innovation at the moment is that a lot of councils are trying to develop much more local partnerships, mini LSPs or sub-district LSPs. Actually, it makes quite a lot of sense for there to be a place and a time for local people to go and talk to the local health representative, the local police representatives, their local councillor, their local community representatives, whoever it is, and to have all these people round a table. That is just another model and the type of influence you are going to achieve through that model is different to that you would achieve through direct election, but I do think that there is a space for that.

**Darren Johnson (AM):** What is your view on this?

**Simon Jenkins (*Evening Standard* columnist):** I am fanatically in favour of election. I love that figure that in 1900 Londoners elected 12,000 people to run their budget services and 2,000 were appointed. Now it is 10,000 appointed and 2,000 elected. That has been completely reversed. We are a deeply undemocratic city at the moment. Thank God for you. We are so far away from any other city in the world in terms of the number of people we elect to run our lives. We are just not on the same planet as anywhere else. I am sure it is very easy to say that no one wants to serve and these places are boring, but the fact is that we are in a league of our own on democracy.

**Paul Wheeler (Director, Political Skills Forum):** I think elections bring authority. One thing I think we have worked out is that most people are not stupid. They are not going to go to things that never make decisions. I have been trying for three years to get a gate at Lewisham station open. I have been to countless meetings and have just given up because they just sit around and say it is the responsibility of that person, or the responsibility of that person. For God's sake, can someone round this table make a decision?

No one can. I think if there was a little mini-mayor you could go up to and say, 'We want that gate open or we are not using the service,' I think someone would listen. The commuters would elect someone.

**Damian Hockney (AM):** Say there is a mini-mayor and he still cannot make the decision.

**Paul Wheeler (Director, Political Skills Forum):** I would go and smash the padlock then, I do not know. The problem is that people will walk away; they are not stupid. They will not give their time up for things that do not make a difference.

**Damian Hockney (AM):** Are they not doing that anyway by not turning out at elections? People are not voting in huge numbers. We all go on about the London mayoral election and the Assembly, but actually a tiny percentage of the population really voted in it in comparison with what they should be doing in some countries. If you look at, for example, the powers of something like the Assembly, which the farce of the past 48 hours has sort of proved, as the Mayor conceded to me, very few people would vote for an Assembly at present. We had all this promise five years ago of devolution and everyone was jumping up and down banging the cymbals. We go through all this and ask for things and we are told yes, if we set up this and we set up that, and what we get in the end is more taxation, more administrators, more people and actually even more dissatisfaction. How can we avoid that?

**Simon Jenkins (*Evening Standard* columnist):** All I can say is that this does not happen elsewhere; get the track record on this. The answer to Darren's (Johnson) question is bloody well vote and tax and vote and tax and vote and tax. Sooner or later, they will get used to it; they will realise it is called democracy, it works and they prefer it. That is what has happened in every other place. I am intrigued by the one or two examples in the United Kingdom where what in a sense we are all advocating has worked. Take the availability of the Mayor to smash the gate. I come back to Rhodri Morgan, not a man I am a great fan of, but I have noticed what happens in Wales – I read the newspapers. The Welsh Health Service is catastrophic; it is the worst in the United Kingdom, the British Isles probably. He is blamed for it because he is the apparently elected leader of the Welsh people. He has nothing to do with it. He spends half his time screaming at those people who are responsible for the health service, 'Look, I am being blamed for it!'

**Damian Hockney (AM):** Is that not a failure of democracy rather than a success?

**Simon Jenkins (*Evening Standard* columnist):** Sooner or later the Welsh Health Service will be put under him because he is regarded as being accountable. We are advocating aspirin to cure cancer; we have a long way to go because we are so far from where we want to be.

**Paul Wheeler (Director, Political Skills Forum):** The vote and tax principle is an important one. If there was a vote and sack principle, i.e. if that person

knew that if they did not get it right they would lose their job, we have this myriad of people around the table who have no authority whatsoever over that, they are going to do it. I think the vote and tax principle is one that you ought to think about. Thinking about things like PCTs and some of those other things we were talking about, if the people in the LSCs knew their jobs were on the line, I think we might get a slightly different response to some of these issues. I am not saying this is true; I am sure there are very good people who work there, but if you look at housing associations too, if people knew someone could actually lose their job you would get a very different response. What you find with housing associations is that when you do cause trouble, the director ensures you are not reappointed. It is a bit like the Chief Executive having sanctions over councils causing trouble to ensure they were not re-elected. Similarly with Strategic Health Authorities (SHAs): if you are the primary or acute trust and you start asking difficult questions, you find you are not reappointed. That is a democratic deficit.

**Valerie Shawcross (AM):** I certainly like 'Elect and Empower' as a slogan slightly better. Just while we are getting the practical things out onto the record, we have mentioned service areas and organisations and quangos that we have all mentioned before, GOL being the principal pond amongst them where we lack accountability, coherence and coordination. Can I just ask you about regeneration and regeneration funding? A bit like the LSCs, it is one of those areas where because it does not deliver a very visible public service to you at your front door, people do not know how disorganised and failing it is. Do you have any views about regeneration investment and funding in London, given that we are looking at funds from Government, European Social Funds coming through GOL, the LSCs, the London Development Agency (LDA) with its programme, the work that the councils do. Any thoughts about that? Is it accountable, is it well spent? Do you know if it is well spent and would you know where to go if you wanted to ask the question?

**Councillor Hugh Malyan (Chair):** Keeping hold of that point, could we take that in a wider context, taking the GOL as a specific question? It is about a £2.5 billion budget I believe at the moment, maybe a little more. It has significantly more people working for it as an organisation since the inception of the Mayoral team and the Assembly. The big ones, dealing with Housing Corporation money for London, quite a lot of regeneration activity is separate to the LDA.

**Valerie Shawcross (AM):** I have English Partnerships still playing in the field.

**Councillor Hugh Malyan (Chair):** A whole host of quite big budget, big ticket items going on in there. Thoughts about that? When questioned about its accountability, its line is that it is accountable directly to Government ministers who have a mandate. Would anyone like to sort of make broad or specific comments about that?

**Anna Randle (Head of Policy, New Local Government Network):** I would just ask what was the point of creating a mayoral system in London and an Assembly if you are going to continue having the GOL? It just seems

ludicrous. You were asking where the next big shift is going to come. Actually, I think there is a bit of shifting going on. Institutions have been created, government has been returned to London. The frameworks are there, it is just that the final steps still have to be taken to give these institutions the powers and the functions that people think that they already have. There is a gap there. For me, it is good that we have this architecture there; let us use it.

**Paul Wheeler (Director, Political Skills Forum):** London is clearly regenerating. It is a much more prosperous city. My question is who has the benefit from that? Lots of people have made millions of pounds, but how much of that has come back into the public round of hospitals? Maybe one of the questions is if that regeneration is going to happen, whatever agency is chosen to do it, does the borough or community benefit and is that a planning process or are there other forms? It may be that London is not regenerating because we got involved, it just did it.

**Councillor Hugh Malyan (Chair):** Accountability was the simplest question on that.

**Paul Wheeler (Director, Political Skills Forum):** Yes, but from people's point of view and your point about what people want from you is that if there is billions of pounds being made, how much of that is coming back into the London economy to support schools and better transport and better hospitals? At the moment as I understand it all you have is the Section 106 agreement. Is that enough?

**Valerie Shawcross (AM):** There is a huge amount of public investment going into things which are called regeneration which actually are along the spectrum. There is a point I think that you touched on there about when you regenerate the existing community - who is making sure that the investment that goes into the community is appropriate for that community?

**Paul Wheeler (Director, Political Skills Forum):** I do not know whether it is a good example but when you look at what happened in Waterloo with the Coin Street Community Builders, the first thing they agreed and got was ownership of the land. Once they had that, the area could be developed; it is still social housing slap bang in the centre and it still has community facilities. That might be a time and place thing, but I think there are some issues. When you say regeneration is great, it may not be great if you are waiting to buy a house but they are too expensive or the schools are now full and nobody can build another one. I do not know quite what the answer to that is, but that example of neighbourhood management, it is probably one of the richest neighbourhood management companies in the country and seven local people locally own it. I would not advocate that across the country or across London. They have kept true to their mission but you need to ensure most of the housing being built is social housing and most of the facilities are community facilities.

**Valerie Shawcross (AM):** It is a rare model.



**Councillor Hugh Malyan (Chair):** Any other questions? Any other comment, any point you feel you have missed?

**Ian Parker (Head of Communications, New Local Government Network):**

Just one thing, a point of clarity really and coming back to one of the very first things Val (Shawcross) said when she tried to catch you on localism. Simon (Jenkins) and NLGN agree on most things but it is really the nuances of localism and new localism that are one of those areas where we tend to have a slight disagreement. The NLGN see that there are two sides to the coin. The first side is devolution right down to the lowest level, both in terms of resources and powers. The other side of it is new centralism rather than new localism. In other words that you would have a strong centre that would guarantee minimum standards, beyond which innovation and diversity would happen. That would ultimately raise the bar of what those minimum standards were. We do not just think of this in terms of central government's relationship with local authorities. You could apply it to the relationship between the strategic governance of London with boroughs and neighbourhoods as well. Effectively, this institution could guarantee certain standards but would then allow devolution to flourish. Just really a point of clarity in terms of the NLGN definition of new localism as opposed to pure localism.

**Councillor Hugh Malyan (Chair):** Thank you very much. We have picked up some key things from the four of you today. Devolvement of power and responsibility and accountability is a key one, and obviously there are different ways of doing that. There is a massive argument in the detail there. Vote and tax is another clear theme with money following the accountability as it were. GOL and several comments about the LSCs future: many of us thought they missed some vital points when they were set up in the way they were; they were actually set up in a rather Stalinist, centralist model rather than a local model. To Ian (Parker), to Anna (Randle), to Paul (Wheeler), to Simon (Jenkins), thank you very much for coming. You have a wealth of experience between you. You have given some of it to us today and we are most grateful to you for doing that. Thank you very much.

**1 March 2005**

## **Commission on London Governance: Third Hearing**

Members of the Commission held its third evidence gathering session asking the Mayor of London, Ken Livingstone about his vision for change to London governance structures to improve services for the capital.

**Present:**

London Assembly

Association of London Government

Bob Neill (Deputy Chair,)

Cllr Hugh Malyan (Chair, chaired the session)

Darren Johnson

Mayor Steve Bullock

Murad Qureshi

Cllr Merrick Cockell

Graham Tope

Cllr Cameron Geddes

Cllr Steve Hitchins

Cllr Edward Lister

### **Transcript**

**Councillor Hugh Malyan (Chair):** I am delighted that the Mayor of London, Ken Livingstone, has agreed to come to give evidence before us today. It goes without saying, thank you very much for coming. You have a lifetime of experience in London and this is a view that we definitely need to hear. Colleagues will have a number of questions they would like to pose to you. It is about the five-year mark so it looks like a good moment to stop and take stock of the current governance arrangements in London. Could you give us some idea overall of your view of what is working well and what is not?

**The Mayor:** Oddly enough, I think everything I am responsible for is working quite well, given the circumstances. I do think it is a very good place now to review where we are. The original attitude of Government was that they would not review the powers of the Greater London Authority (GLA) until you had had a couple of terms. That has been changed because the decision in the referendum on the North East Regional Assembly means effectively that Wales, Scotland and London are the only shows in town. The Government is now seriously looking at recreating something like the metropolitan counties with directly elected mayors and examining the package of powers that goes with that. Whereas people like Graham Stringer (MP), the former Leader of Manchester, were bitterly opposed to the idea of a region of the North West, they are strongly in favour of some form of accepted mayoralty, which would have an overview of the things that cut across council boundaries.

As well, both the Chancellor (Gordon Brown) and the Prime Minister (Tony Blair) have tried to change Britain from the centre for eight years, and have now recognised there are limitations to that. You can do a lot, but actually you achieve an awful lot more if you devolve things down. I suspect that

certainly if this Government is re-elected, there will be further moves towards devolution in the structures of government for London. We already know from Michael Howard's (MP, Leader of the Conservative Party) statements that they are looking at the abolition of the Metropolitan Police Authority (MPA), the abolition of the Government Office for London (GOL), to say nothing of the abolition of the Standards Board: three policies I wholly endorse. I suspect the Liberals have a plethora of promises as well. The problem is, of course, there are all these promises about devolution in the run up to a general election and then whoever wins, usually chooses to further centralise. I do suspect this time there will be a further serious package of devolution.

The areas we are in there pitching for at the moment in terms of what has been drawn up for the Labour manifesto are effectively anything we can get our hands on. There are certain oversights from the present legislation. Privately if not publicly, most Chief Executives in the boroughs and perhaps a lot of the Borough Leaders recognise that the existing waste authorities have not been working as effectively as one would have hoped. It is important to remember that when the abolition of the Greater London Council (GLC) was going through Parliament, one of the rebellions in the House of Lords came within 12 votes of saying there had to be a single waste authority for London. Perhaps the reason so little progress has been made in terms of recycling in London compared with other cities is the absence of a single waste authority for London with a high political profile. I suspect not one person in 10,000 in this city has any concept of the structure of the existing waste authorities. They know that their borough sweeps the streets, picks up their bins. Beyond that, they have no idea where it is going.

There are a whole range of transport issues. Clearly the Government is effectively creating an enabling Act for former British Rail services. I suspect they will try running it themselves for a few years then will eventually get tired of it and MPs asking about their local station and their local line. We would expect that at some point during the next three or four years, quite a substantial devolution of responsibility for the contracting and franchising regime of the train operating companies would come to Transport for London (TfL). The Government has now passed legislation increasing the size of the TfL board by two so that I can appoint someone to represent the Eastern region and someone to represent the South Eastern region planning authorities in terms of preparing for that.

There are a whole range of other areas where we might be in disagreement. I strongly think that one of the weaknesses of the present legislation is that we did not take control of the London boroughs grants body. I know we are not going to agree with the Association of London Government (ALG) on this, and at some point the Government will either decide to leave grants where they are or give us a genuine regional authority. In terms of beefing up the role of the Assembly, I would think that is a particular area where the Assembly would be well placed to take a regional view, given particularly that no Member represents fewer than two boroughs. If we are honest about it, every borough goes into the present grants authority to see what they can get out

for their borough rather than taking an overall view of the regional needs of London.

There is quite a lot we can do to clarify the chain of command in some of the present organisations. I think that TfL has worked very well: the Audit Commission rated it excellent. The London Development Agency (LDA), after quite a substantial degree of problems adjusting at the beginning to absorbing people who were perhaps not terribly enthused by the concept of London government, is now doing very well. I broadly endorse everything that Eric Ollerenshaw's (former Chair of the Economic Development Committee, GLA) committee did when it reviewed the overlapping and conflicting nature of the regeneration industry in London. You will recall all-party unanimous support on the Assembly for saying that all these bits and pieces of the English Partnerships, the Learning and Skills Councils (LSCs) should all come under the LDA.

I do think that there should be a clearer line of accountability on policing. We have to accept the fact that Government is never going to give up the power of appointment of the Commissioner. Frankly, if the American government had stayed in New York rather than moving to Washington, Rudolph Giuliani (former Mayor of New York City) would not have had control of the police either. President (Vladimir) Putin (President of Russia) has devolved virtually every function of the Russian state to Mayor of Moscow except for the appointment of the Commissioner of Police. I think we can live with that and we recognise that there are always going to be national security roles for the Commissioner. I do think that the MPA completely muddies this issue and this is where I find myself in agreement with the Conservative position. My preference would be for the TfL structure of the Mayor appointing the Chair and appointing the membership. We would perhaps have fewer straightforward party appointees and scale down the size of it, but make the chain of command clear. Of course, the Assembly would be the scrutiny body as it is for TfL.

I would also go back to the Marshall Report (1978); I do not know if you have had this dug out and photocopied for you. I still have my original. There is an awful lot in there. The underlying principle is to devolve things down. When the Herbert (Royal) Commission (1960) recommended the structure of London government in the early 1960s, which was largely ducked by the (Harold) Macmillan (former Prime Minister) Government, they were arguing that the GLA should be a regional body. Government did not want to give up any of its own functions, so it ended up being a large borough council in conflict with the 32 lower borough councils and with very limited regional functions. There are a whole range of things currently being done by quangos such as GOL and the London arm of the Arts Council. There are literally dozens and dozens of quangos; you can go on endlessly. Tony Travers's (Director, Greater London Group, London School of Economics) flow chart, which looks like a demented spider's web, points that out.

I think between the ALG and the GLA we would argue over which of us got what as we picked over these corpses, but I think what we all agree on is that

they should all be devolved down, either to regional or local boroughs. I would be quite prepared to sit in a room with the 32 Borough Leaders and have a straightforward trade-off about which of us got what out of this exercise. At the end of the day it would work better. I was convinced of this when I opened my briefing papers to discover that GOL had appointed a fashion advisor to devise a fashion strategy. It seems to me that this is a job for the LDA if there is a need frankly and not Liz Meek (Regional Director, GOL). I can see no reason why GOL is back to the size it is or having a policing function or anything else. I am up for negotiating on all of this, but basically it should either come down to the boroughs or to the GLA. Of course, the biggest prize of all is the health service.

**Councillor Hugh Malyan (Chair):** What a note to end on, the health service.

**The Mayor:** That will be for one of my successors, maybe.

**Councillor Hugh Malyan (Chair):** Mr Mayor, thank you very much.

**Bob Neill (Deputy Chair):** There is a real risk of us agreeing about these things. I suspect we will not agree about everything but let me see where I can get. To finish off one point that Hugh (Malyan) was making, I am interested in some of the international comparisons and I know you have looked quite closely at what happens with Paris and other places. One thing that strikes me with Paris, for example, is that you do have things like the transport system, the RATP, but it is not done in the context of there being a single authority for what is really the whole of Greater Paris. The city has to work with the *départements* and the Petite Couronne, never mind the rest of the Ile de France. To that extent, have you envisaged working with the neighbouring regions to deal with issues, which in any view go across the existing Greater London boundary? What can be learned?

**The Mayor:** The problem with Paris is that in a sense, it is equivalent to the old London County Council plus the South East region. Given the propensity of the media to focus on capital cities' cores, everyone knows the name of the Mayor of Paris. Nobody knows the Leader of the Ile de France region, although he has significantly much more power. I do think the Government has the boundary broadly right. I have no objection if you came to me saying, 'Let us move it to the M25, that is nice and neat', or if Orpington wished to have a unilateral declaration of independence (UDI). Broadly, I think they have the regional structure right. If you go for a South East region, you might as well just keep England because it is about 40% of it.

**Bob Neill (Deputy Chair):** I think we would all agree with that. What I am interested in is how they managed to develop things there... Let me give you another example, Toulouse, which has been an unusually successful city, as you know. Again, the whole of Greater Toulouse has grown but they do not have a single directly elected Mayor; they do not have a single directly elected authority. I might say being the devil's advocate, 'Do we need these things to come to us? Are there other models we can learn from for better joint working between sovereign authorities?'

**The Mayor:** Let us look at the down side of this idea. Look at Athens where you have in Dora Bakoyannis (Mayor of Athens) the most high-profile politician in Greece after the Prime Minister (Costas Karamanlis) and the most popular politician, who no doubt one day will be Prime Minister: incredible flair and so on. She is very much like Bertrand Delanoë (Mayor of Paris) in Paris, who is just responsible for the core. When they came to the Olympics, all the neighbouring mayors of all the suburbs all had to have one stadium, track or aquatic centre each. Those of us who went to the Olympics spent 40% of our time travelling around because nobody could say that what is the best for the Olympics, the best for regeneration in Athens is actually a complex in one area, as we have proposed in Stratford.

Although, yes, I think Bertrand Delanoë and Ile de France get on quite well and have built up a working relationship over the decades, I have to say I do think it is better that the public can elect somebody who is clearly responsible when it is going right and when it is going wrong and can remove them and not have the problem as there now is in Athens about whose fault it is that we have these stadia scattered all over the metropolitan region in areas where you do not need them. Everyone fought for his or her area. That is what happens when I have Borough Leaders in. They are all fighting for their small patch of London. I do think it is important that there is one body, whether it is a council or directly elected mayor, who has to take an overall view for all of London and be prepared to offend a substantial proportion of London in terms of the allocation of resources or the determination of priorities.

**Bob Neill (Deputy Chair):** I understand that. What I am interested in therefore is that you see that very much as the strong mayoral model. One thing that was positive in the Act and changed before the Bill was finally passed was, for example, the idea that within the field of competence, the Assembly should be the lead for the Mayor to get the endorsement of the Assembly by qualified majority for the statutory strategies, in the same way as the qualified majority is needed for the budget. Logically, if we are to enhance the scrutiny role of the Assembly over those areas, I agree with you that it should probably come to the Mayor. That would be a sensible step to adopt, would it not? It seems to be supported by people like Tony Travers and others who are non-political bodies.

**The Mayor:** I do not think there is a great deal of problem if the strategies are all subject to the Assembly. On these things I do not think there is a great deal of disagreement at the end of the day, on people taking a broad view. You can either go back to having a full, straightforward council with a council leader, if you want to get down to every individual decision being made at the Mayoral level. It is on all those day-to-day things where we have all our big rows. I dread to think...you would need to be in permanent session. I would not mind that and that was what was originally envisaged in the Act: that you would be in permanent session. On the strategies, I do not see it is a problem at all because each of those is based on a broad consensual basis and getting business, trade unions and borough input. I do not recall any great issue of dissent from the Assembly on any of those strategies. Although I

think we may have had a row over the question of the European Social Forum.

**Bob Neill (Deputy Chair):** You made the point about clear accountability, which I agree with. We are in agreement over the MPA. Tony Travers made the point that logically; you could say the same applies to all the functional bodies. Whoever the Mayor is, one should trust them with appointing the Transport Commissioner and the Assembly scrutinises the Mayor. But do you need TfL and do you need the Fire Authority itself?

**The Mayor:** I think the Fire Authority is another case in point where it has taken into the fifth year for it to come up with the sort of strategy for reviewing resources that TfL had established by the middle of the last mayoral term – because the Fire Authority only proceeds by bringing all the parties trundling along with it. You can make your case as I did when I was opposed to having a directly elected mayor by saying, ‘No, let us stick to our party system.’ I have to say I think I was wrong. I do think it has been possible to deliver things in terms of the Congestion Charge, the reconstruction of the buses and that might never have been possible had I had to have got a majority, issue by issue in the Assembly. I think the Assembly would have lost its nerve in the middle of the *Evening Standard’s* red-light stand about the Congestion Charge. Most probably you would have curtailed the bus expansion. Yet at the end of the day those things proved popular with the electorate and I got a second term because people saw that, and they started to see the police coming through and so on.

**Bob Neill (Deputy Chair):** The sense I get is that essentially you would be quite content with a mayoral version of Marshall plus policing.

**The Mayor:** Marshall was saying that controlling the GLC, as it would have been centrally was about allocating grants to the boroughs. That is what the boroughs were not happy with. That might have been the colourful character (Sir) Horace Cutler (former Leader, GLC). I have to say though that based on my track record, even the most die-hard Tory leader would most probably suspect they could get a better deal out of me than they would ever get even from the minister of their own party.

**Bob Neill (Deputy Chair):** That might be pushing consensus between us a bit far. We have not done badly, have we.

**Mayor Steve Bullock (ALG):** I seem to recall that Horace Cutler’s response to the Marshall Report was unprintable.

**The Mayor:** He was not happy.

**Bob Neill (Deputy Chair):** It was not what he paid for.

**Mayor Steve Bullock (ALG):** Can I explore a couple of the things you said in that first question in a particular context. I was thinking about policing and I am unashamedly coming at this from the experience of running a borough. I

do not disagree with what you were saying about the powers that you should have, but I would be interested in how you see the relationship then changing at the operational level. I do not think there is a week when I do not sit down with at least one representative from the Metropolitan Police in Lewisham and in between times, to sort out all sorts of things. If something nasty happens at the weekend, it is I they ring up and not you.

**The Mayor:** Thank God for that.

**Mayor Steve Bullock (ALG):** Well, quite. Of course, I then have the same problem that you have that the Borough Commander is not someone whom I have any direct managerial link with. The MPA can just decide on a whim to move him or her off and bring in somebody who we perhaps might not get along with. I wonder whether there are issues there about the change not only happening at the London-wide level, but also giving the boroughs a more direct involvement in some of those issues. Your throwaway line about health would raise some of the same issues. The current situation I know drives many people in the health service completely up the wall that they are answerable to so many different people. What they crave is some clarity. If all that you did was substitute a London-wide authority for one of the current bodies and still did not have genuine local involvement, say, the running of the local hospital, I am not sure how much further that would take us. I wondered whether you had thoughts about that.

**The Mayor:** The particular problem with the health service is that the health service budget is the size of the total GLA budget so this is literally the biggest game in town by a mile. One of the reasons I am strongly in favour of reviewing the powers and size of the boroughs is that when they were set up they were seen as 32 big boroughs in local government terms (most of the rest of the country was quite piddling smaller councils) and they were direct service providers of all the functions the welfare state had taken away from us or half-removed such as education, housing and so on. I do not think that function is ever going to come back. You would have people sitting there basically discussing the maintenance programme for every school in their outer London borough or for the Inner London Education Authority (ILEA), all 1,200 schools.

Therefore, when you come to look at what is the future role for the existing boroughs, they will not get back the housing management roles they have lost, or bring schools back under the heel of the local borough. If you actually look at where they could be going, I do think in terms of health and policing the problem we find is that the police would never voluntarily have decided to organise themselves on 32 borough units. They might have gone for 12; it might have been more like five or six. They have done it only because those are the existing boroughs. The chance of having at any time 32 absolutely top-flight Borough Commanders is pushing it. Therefore, if we were looking at the boroughs having an oversight of policing which I think they should have... A great crisis happens: a child is stabbed to death in a particularly brutal murder or there is a potential flashpoint that could lead to civil disorder, then I get involved and I am briefed by the Commissioner and so on. However, all



the things that people are phoning you about will never come to me. They could, but they should go to the borough. It might be that we would have one command covering two boroughs to make that really effective. That is the way I would go. Certainly on health, the Mayor should set the strategy and allocate the broad resources. The oversight of local hospitals and borough involvement in the local health service was taken away from the London boroughs in 1974, but that should be back at your level because it cannot be administered from here. There are only 600 staff here. It can only ever be broadly about strategy. I know it ends up with Assembly Members coming in to discuss the route of one particular bus and so on. Transport is the one thing that is almost impossible to devolve down much lower because everything crosses borough boundaries. I do think that if we are going to devolve, and if the Mayor is going to have some more responsibility for policing or some responsibility for health, the actual operational oversight has to be at borough level.

**Darren Johnson (AM):** I think we all agree about trying to take powers down from GOL, whether they go to the GLA or boroughs. If health and such like do come to the GLA, do you see the model as being more boards and more like the functional bodies, because that would mean the fairly confusing set-up as we have for transport, policing and fire being continued?

**The Mayor:** I think it is only confusing because the governance arrangements for each are slightly different. For me, the one that works best is TfL. I am responsible, I appoint the Senior Managers and I set the broad policy. They go away and carry it out; they then come and get grilled by the Assembly and so on. That would be what I would replicate if we are going to do health and if we are going to do a more direct involvement over policing it means beefing up the scrutiny role of the Assembly. In terms of local issues, borough commanders should be popping along to see their local borough councillors and all of that.

**Darren Johnson (AM):** In terms of beefing up the role of the Assembly, would it not make sense just to get rid of all the boards altogether and maybe increase the size of the Assembly and actually give back the role? Scrap the TfL board, scrap the MPA, scrap the London Fire and Emergency Planning Authority (LFEPA) and just actually give the Assembly a real role.

**The Mayor:** LFEPA and the MPA both have a party balance and in that sense they are doing a scrutiny role. The LDA and TfL, those boards are solely there because of their expertise. Not everyone agreed about the expertise of Bob Crow (General Secretary, Rail Maritime and Transport Union) whilst he was a member. If you actually look at the TfL board, it is clear that these are people are transport professionals or transport obsessives depending on whether you are being friendly or unfriendly and their job is as a sounding board for key managers. They do not do a scrutiny role. I appoint them to deliver the strategies and services I want to see. Your job as the Assembly is still the scrutiny. I would be prepared to pay you a bit more so that for all Members it would be a full-time job. You would be much more in permanent

session and get dug into much more detail. Everyone is a bit frightened that this party will outmanoeuvre that party. It is all far too constrained.

**Darren Johnson (AM):** I hope you do, but when we had Tony Travers in a couple of sessions ago, he was comparing the different functional bodies. He said the reason he thought that TfL worked was that you were effectively running that and everyone knew who you were and the board was largely irrelevant. The board was largely sidelined and it was you as a directly elected figure as Mayor that was making it work rather than the board.

**The Mayor:** It is a public perception that I am responsible if things go wrong in transport and I think that is right. If you look at someone like Stephen Glaister (Board Member, TfL), he has skills and ability both from his time serving Mrs (Margaret) Thatcher's (former Prime Minister) Government as a member of the old London Regional Transport and now doing the same job for me. You have someone like Dave Wetzel (Vice Chair, TfL) who undertakes this vast array of visits around garages and stations, which a Mayor is never going to be able to do. That board is absolutely crucial: one, to carry out a lot of the functions that the Mayor can never get around to doing, but also to bring real skill and expertise about particular areas of transport policy. Nobody denies that Paul Moore (Board Member, TfL) has a long-term interest in road schemes, cycle routes and all that is a skill we really need on there to drive it through. Susan Kramer (Board Member, TfL) has an understanding of how bond markets work, which I did not have. It is surprising how when I think back on that there have only been two occasions in five years when Susan has taken a partisan issue, always about bridges. However, on the vast bulk of how do you deliver a functional TfL, she is extremely good at it and she is there not as a sop to the Liberals – I could not give a damn about giving them a sop – but she is there because she is very good in terms of her grasp of managing finance and raising bonds.

**Darren Johnson (AM):** Do you think there is a problem in the fact that the public are never going to be able to grasp how each board works and what their responsibilities are and all the rest of it and who they are...?

**The Mayor:** They would grasp it if they were all broadly the same structure. What Tony Travers has broadly written over the years has been, I think, to argue for that uniformity. Everyone knows that if transport goes wrong, I am to blame because I appointed these people and I have that day-to-day management. It is not just because I chair the meetings. I do not need to do that. Very often I do not because I cannot physically get to all of them. I think if it were clearer around LFEPA and policing, people would not be that confused. I think as well that if we moved to a much more detailed level of scrutiny by the Assembly I think it would be a lot clearer. There would, I hope, be much more coverage in the media about the serious debates we should be having.

**Darren Johnson (AM):** In terms of the role Assembly Members play if we had uniformity, do you think the TfL model is best where Assembly Members are

not on that at all, are not involved on the executive side and are purely there as Assembly Members on the scrutiny side, or the MPA or LFEPA model?

**The Mayor:** On all these boards, I think the structure is right for the LDA which is that there are enough political appointees to represent the parties – well, not quite enough, because you will never get the Liberals and the Greens on at the same time. I think on all these boards there should be a representative from the London boroughs or the Assembly from each of the parties so that those at the core are able to report back as well as getting involved. I would have a much more detailed level of scrutiny than you are able to do at the moment, and only because of your own self-imposed limitations.

**Graham Tople (AM):** Darren (Johnson) has partly covered what I want to get a bit clearer, which is your views about the governance of policing. I think you did say in your very comprehensive answer – and I know your views about the MPA – that you saw policing on a similar model to TfL. What I wanted to be a bit clearer about is whether you are saying that you see no executive role for elected Members on whatever we will call the policing authority or policing board.

**The Mayor:** I think there should be a representative from each of the parties on the MPA and I think they should be there on TfL as well.

**Graham Tople (AM):** You do not actually mean the MPA, you mean the new style...

**The Mayor:** Whatever we have, yes. It is just words, like TfL.

**Graham Tople (AM):** I am not trying to trip you up. I am trying to be clear...

**The Mayor:** I would actually reduce the political appointees whilst keeping virtually all the co-opted members. In a sense, that side of the MPA board is very similar to the transport groupies that we have. We have police groupies there, people obsessed by policing, fascinated by the details of policy: they bring a lot to it. There is a simple choice here: you can either have a GLC in which the leader of the largest party is effectively occupying my role and have the normal party politics we are all used to and put up with that, or you can have a directly elected executive mayor with these boards. I do not mind which system you have. I think this has worked out quite well. I think the real weakness of this thing is that there is not a sufficient role for Members of the Assembly. I would not now in retrospect think it was necessarily a bad thing to revisit the views of the Conservative opposition when the GLA was set up, that perhaps the GLA could be representatives of the boroughs. I am totally agnostic about these things. Once you move away from having an elected council, whether you actually have elected Assembly Members or representatives of the boroughs is not that vital because you have an independent executive Mayor. If you are going to have the executive effectively being the largest party or coalition of parties, then you have to have the traditional council system. Now I am back in the Labour Party I do not

mind which you have, frankly. I would be quite happy to put together a coalition of Liberals and Greens.

**Graham Tope (AM):** Interesting thought. You said earlier à propos of France that each borough pursues its own interests. The big argument for me against the Tories' original proposals of having Borough Leaders or of having a borough representative on the Assembly is that it works against a strategic interest, inevitably.

**The Mayor:** The strategic interest is effectively in the Mayor's role. I do not think Assembly Members take a strategic interest most of the time. Most of the time they take a party interest, which is fair enough. I do not mind the system. I am happy with the one we have and I suspect you are not going to persuade the Government to go back to a council system. I could work with it if you did.

**Graham Tope (AM):** Round the time this Commission was first being set up, you caused quite a stir with talk of five super boroughs and all of that. I am not going to reopen that. What we did not hear so much about was your views on what structures there might be below the five super boroughs. Maybe if we had called them sub-regional partnerships we would not have all got so excited, but whatever. I know you did have some feelings about not just leaving it as five large authorities.

**The Mayor:** I take the view that people should be able to get involved in politics without having to live like us where it fills your whole life. People should be able to give, say, an evening a month on their local school board or local neighbourhood council or something. Therefore, if you really want to engage the local community, something like a ward-sized neighbourhood council, directly elected and able to decide small local planning applications, have a say about how the school facilities and resources are being run, deal with the issues of the local neighbourhood police patrol: all of that, people would be absolutely fascinated in and they do not have to give up normal life in order to have a say and an influence in it. I do think that you should have a proper neighbourhood council structure. In the 1973 Labour administration at County Hall I think Reverend David Mason pursued this policy. I was always in agreement with it. The only warning I would give is that when I was first elected to Lambeth Council in 1971, we set up six neighbourhood councils where the local community could turn up. This was not a ballot that people went and cast; they turned up at meetings and elected people. Around Angel Town, we actually had a Maoist majority elected who were not constructive in their engagement with the political process. If we are going to have a neighbourhood council, people will have to go and elect it. I think you would get a very good turn out. Imagine electing 15 people from a local ward: you would all know someone there. Imagine having 30 or 40 people standing: there would be someone from down your street. It would be very local. You might even get a better turn out than for the Mayor.

**Graham Tope (AM):** In 1973 I had a Private Member's Bill to allow urban parish councils in London, which we are still not allowed to have.

**Councillor Hugh Malyan (Chair):** Would you base that on a ward size? Many types of council now have things like neighbourhood partnerships that are run on a two-ward model. If you are taking a ward of 10-11,000 adults...

**The Mayor:** I do not think there is a fixed size because densities vary in London. The strength of local neighbourhood ties varies. Everywhere I have lived I could draw up realistic neighbourhood boundaries, but you need to live there to do it. It is something that would have to be done by the local boroughs if they could avoid a desire to gerrymander for political advantage. We all have a fairly good idea – I was growing up in Lambeth, living in Camden, now living in Brent – I can see quite distinct neighbourhoods. There is always a blur, one or two roads where they merge into another one. I do think something about ward size. I think ward size in terms of boroughs the size of yours, rather than boroughs the size of Hammersmith.

**Councillor Edward Lister (ALG):** Can I touch on money? It is always a good subject. Your precept is now about one-third of most boroughs.

**The Mayor:** Only yours; it is about one-fifth of everybody else's.

**Councillor Edward Lister (ALG):** It is approaching 50% of mine. In fact, fairly soon you will be raising the money where we could have done the same, and you will be costing more.

**The Mayor:** Plus spending it much better than you would.

**Councillor Edward Lister (ALG):** On a more serious note, the amount of money you are going to raise over the years is going to steadily increase, simply because of the way Government funding is working. How do you see your tax-raising powers developing, especially if you have more responsibilities?

**The Mayor:** I think I supported all the various reports the GLC produced in its day about further financial devolution. I think the idea that the property tax is our sole source of income... It should not even be the main source of income. It is a useful tax to have, but not if it is the predominant source of income. The council tax is close to where the rates were at the end of the 1980s, at about the limit of what people will tolerate. Our problem is simply that 70% of all the tax in this country is collected by the Chancellor. When I told that to the Mayor of Moscow (Yuri Luzhkov), he said, 'That is worse than Russia under Stalin.' No other country in the world and certainly no other democracy have this nonsense. I was terribly disappointed that the Labour Government did not deliver on its pledge to return the business rate. In my case, it is slightly different: 60% of the income of the GLA is Government grant; 30% is fares, 7% is council tax. We have this great debate about this each year, but 10 times more important is the haggling that goes on with Government in all its various grant-giving guises.

I am just in favour of moving to some sort of range of taxes. Any local council leader would want to vary the proportion of the source of their income depending on where we are in the economic cycle. There are times when people are doing well when a bit more on the property tax or local income tax would be no problem, or a bit more on the business rate would be no problem. There are other times when you would really want to hold that back rather than tip firms over into liquidation. The more you give myself and council leaders the freedom to look at perhaps a sales tax, perhaps an environmental tax which I think would be particularly acceptable in London, the more you will develop both financial responsibility and political maturity in the political system. At the moment, as none of us really are responsible for the impact of the council tax given its gearing, it hardly creates a serious, fiscally responsible structure in local government. In the old days, even with the ratings system we had in the GLC days, the London Chamber of Commerce would come in and we would have an intense and enlivening debate. We would then try to shave a bit off to help them out during that terrible recession in the early 1980s. I managed to cut about 2.5% off the business rate because it mattered to them particularly. At other times, if we had still been around during the boom of 1987 and 1988, it would not have been a problem. The council leaders need to be able to make those sorts of assessments and judgements.

**Councillor Edward Lister (ALG):** Do you think if you were to make those sorts of arguments, have a sales tax or any of these, that Government will listen or see that London is different to other areas?

**The Mayor:** I have seen in the press emanating from the Treasury the use of the term the 'new constitutional financial settlement for local government'. Certainly, the decision to give me a five-year funding deal on transport and the freedom to raise bonds, I would never have believed it was possible and neither would you a year ago. The fact that I, of all people would be given by this Government the power to go and raise £2.9 billion and spend it without further reference back to them. I think we need to really build on this. I am going to be really responsible with the money because I do not want to queer the pitch for everybody else who might be able to get these powers. I do think that given that Government is so heavily involved in almost every other area of tax, the one area we should press for is for more freedom over a range of environmental taxes which Darren (Johnson) and his mates have been working on for years. I think there is a real capacity to actually improve the quality of life in the city as well as preserve the environment. I will take whatever they give me, basically.

**Councillor Merrick Cockell (ALG):** I am getting a bit confused on the remit of London's governance. Graham Tope said he was not going to talk about the five super boroughs but you are now on record as having talked about that and your preferred size of unit. Today you are talking about the local democratic accountability for the type of things that in a more perfect world you would have a strategic role over: policing, health, as well as the ones you currently have. At a smaller level, it is the day-to-day operational effects of policing, the health service, planning, and streets, indeed of local democratic

accountability. That does not fit in with your super boroughs, but it also does not fit in with ward-sized neighbourhood councils. We have those: we call them wards and they have elected members. Allowing for the fact that you are looking for a larger group there, where do you now see the day-to-day political input coming and at what size of level? Is it around the 30 plus units?

**The Mayor:** If I go back to when I was Leader of the GLC, I thought then that most probably you needed something like 12 to 16 London boroughs, broadly mergers of two, because they were already beginning to lose their powers. When the boroughs were set up, they were the real, large units of local government. People saw their time as the Chief Executive as the climax of their career. Now people are moving on through. I think that with the erosion of political activity, you are also in a situation where... Many boroughs function quite well and some London boroughs function excellently, but we always seem to have one or two basket cases and they are not always of one party. I think there is a real problem that some of the boroughs are so small and so dependent on one or two talented people to carry the whole system at member level and very often not much more than that at officer level. I do think there are problems now of attracting to London government the best and brightest of the officer corps who see that with a county council or unitary authority outside that that is the end of their career and where they are going. The London boroughs are something they pass through. Now, there are some big and rich boroughs that still attract the best, but I do not think that is the case in the way that it was when I was in borough councils in the 1970s.

On the question of size, whether you go for my ideal which is five boroughs that reflect the real sub-regions of London, or whether you have a smaller number of boroughs brought about by merger, the more you move away from the present borough structure, the more vital the neighbourhood councils become. At the moment, you can get around Kensington and Chelsea (K&C) and keep in touch with virtually everything going on there, and you can do that certainly with the core of people you have around you. Even Hugh (Malyan) with a big borough is still able to keep pretty much in touch. If you started to move to a smaller number of bigger boroughs, or five super boroughs, you would have to have strong neighbourhood councils. Without that, it would be a disaster.

**Councillor Merrick Cockell (ALG):** You took the first part of the answer on the efficiency of London government rather than the accountability to Londoners. The truth is that there are fewer basket cases amongst the boroughs now than there were. We now know across all parties who they are and what needs to be done. There are very few that have not realised that, and there are some very good leaders and leadership teams who are actually sorting them out. Some of them have really moved their boroughs well, whatever their politics are. We are not seeing a downturn in London's administrative and political governance.

Can I just move onto another area and that is the ALG-GLA-Mayorality relationship. You talked about the old Conservative policy of Borough Leaders sitting as the Assembly. It is interesting that this group is equally set

up between the ALG and the GLA, and I think that is a very positive first step. You chose to pull out of the Leaders' Committee and I realise there were probably at that time, very good reasons for doing that, but my view is that London is lacking a voice which works with the boroughs and the GLA. Indeed, the Mayor is the obvious person to do that. Various people, including myself, have talked about whether now that all bets are off on regionalisation, we should have for instance – not getting rid of the Assembly in its scrutiny role – the Borough Leaders meeting under your chairmanship three or four times a year to talk about the things that really matter to London overall. I do not know whether it is conceivable, but perhaps even to discuss things where politics would not be dominating but the needs of Londoners. The voice of borough-GLA-Mayor as leader of that body might begin to give everybody a clearer voice for London. What is your thought on the ALG-GLA-Mayoral relationship?

**The Mayor:** At the beginning, given the general suspicion of Borough Council Leaders about the Mayor – whoever the Mayor was going to be – in the new system, which I think was seen as a bit of a threat, and then given the peculiar circumstances of my arrival, where I came without any body of party support, I thought it was a completely poisonous, destructive and purely partisan relationship. There was no point wasting my time or yours going on with that. I think we have all now moved on. I was about to say – and you almost talked me into saying – that I would be happy to come back to the Leaders' meetings. I think you are involved in a whole range of things that have no relevancy for me whatsoever. The second suggestion you made might be better: a couple of times a year, perhaps three times a year, on a private basis, if it is to have any meaning at all. We can get together in a room and hack around what we think we might have a common approach on. I find I do that very well with the business community and the trade unions. It is on the basis of absolute confidentiality because you have to go back to your mad backbenchers, and I have to keep everyone on board in my administration as well. I think that could be very useful, actually.

**Councillor Merrick Cockell (ALG):** I can see the point of a private meeting but I also mean for London symbolically to hear the borough leaders – who have, whatever people may think, an important role, and I would like to see any political party wishing to tinker with that at the moment – with the Mayor clearly as the leader of London discussing the problems of London. Obviously there would have to be a GLA input as well, but essentially with the three components sitting together in public, debating.

**The Mayor:** I am happy. If you want to go back to the ALG and discuss whether you think it would be useful for me to come back to your regular Leaders' meetings or a proportion of them, or whether you want to have some separate arrangement, I am now happy and ready to come and do that. Decide what you would like, and I would be happy to come along with it.

**Councillor Steve Hitchins (ALG):** First I must apologise for being late; I was entertaining Her Majesty's Inspectorate of the Constabulary, which just goes



to show the links and how it all works. Coming from the smallest London borough, I did not take your remarks too personally. You were reflecting on...

**The Mayor:** One or two of the bigger boroughs are also having problems. We have not got the sort of melt down we had in Hackney but I am dealing with one or two that could do with some beefing up at leadership level.

**Councillor Steve Hitchins (ALG):** We seem to be reaching a remarkable amount of consensus around the idea that regional government works best where you develop your strategies and we might actually encourage them going through the Assembly, with a bit more rigour and scrutiny, as I think was mentioned by Bob (Neill) on possibly what we might call the Travers model, with some of those strategies being delivered at borough level. I think that the idea you voiced with Merrick (Cockell) about meeting more regularly with the borough leaders might ease some of the tensions and some of the criticisms you have on some of the individual boroughs on delivering some of those strategies. I know you have expressed some frustrations around planning occasionally.

Where I would like to push you a bit is on the structure of the boards that you largely appoint. If the GLA is going to have a stronger scrutiny role and clearly be busier too, I wonder if you had been clear about whether the GLA could do the scrutiny role and be present on those boards. With the LDA model of which I have declared my interest that I am on, there are both borough members and GLA members. I am wondering whether you would see some clarification around that when it comes to political representatives on those boards.

**The Mayor:** My assumption is that representing the broad Liberal Democrat interest on the LDA, you are not using that as a scrutiny role, you are jumping in and driving the policy. Therefore it seems to me that the people we appoint to the boards are not there to do scrutiny because that is the role of whatever structure it is: whether it is the Assembly or whether it is going to be borough-controlled Assembly or whatever. The people you appoint to those boards are there to do a work of delivering the policy. Even with somebody like Eric (Ollerenshaw, Board Member, LDA) on the board, and tremendous disagreement on a whole range of issues but he is there to drive forward an agenda which I think we broadly agree with about making sure the lines of accountability are clear and that we do not have this nonsense with the English Partnerships over here, the LSCs over there. The people appointed to the boards are there to do the work, not to scrutinise.

**Councillor Steve Hitchins (ALG):** Do you think that you can appoint members of the GLA to those boards to play that role on the board where we do a lot of exempt decisions as well on confidential matters, involving large amounts of public money, as well as doing the scrutiny role as a GLA?

**The Mayor:** You have to keep the roles separate. On the MPA and LFEPa I had no real power over who was appointed. The party whips from the ALG and the Assembly give me the list of nominees. On one occasion where I had

an objection not on a party basis but on a moral basis to one person being appointed, I had a bloody great row and I eventually got my way. Broadly, I am stuck with whoever the whips give me. That is not a good recipe for a working board. Therefore, I had discussions with the Liberal Democrat leadership in London about who would be a useful appointee. They came up with you and I have no objection to that, it is working very well. When we came to look at representatives for the Tory Party we had a disagreement; they came up with somebody but it was not the Tory group's first choice. I think therefore the Mayor has to have the final say to ensure the person they are putting on that board, where you are looking for a balance of skills and all that is not simply a party nominee, but a party nominee with real skills that benefit the board.

**Councillor Steve Hitchens (ALG):** What I have not heard you talk about is the GOL.

**The Mayor:** Abolish it. Death to GOL that is my rallying cry. Government ministers will always need half a dozen civil servants to keep them briefed on what is happening and to prepare them for meetings. What struck me remarkably in the run-up to my own election last year was the work that the Number 10 people and GOL were doing on this huge 180-page study of London: it was all alright, but we all knew that already. They went through the process of educating themselves about it and I think it is ridiculous. Having established a structure, you should turn to it for advice rather than then replicate it all again in GOL.

**Councillor Steve Hitchens (ALG):** If you had the ability tomorrow to take back some of the powers that GOL exercise, where would you start? We are trying to get consensus to gain some powers back from Government. We will do that by influence and persuasion rather than by persuading them to introduce some massive new Act of Parliament.

**The Mayor:** I am not certain you need an Act of Parliament to abolish GOL. I suspect you need no more than a statutory instrument. I have to tell you that I do not think there is support for GOL in any political party nationally. Both the Chancellor and Prime Minister have been surprised that GOL is not just still there but is back to the size it was before the GLA was set up. I suspect that whoever wins the general election, will decide that there is going to be devolution of powers from GOL down to the bodies where they should go. Clearly, it is absolutely ridiculous having set up both the GLA and an MPA that GOL is acquiring a policing function. It is absolutely bizarre. There will be major planning inquiries such as on the Heron Tower, the Thames Gateway Bridge which at the end of the day no doubt Government feels have such an impact that they should look at them. However, there is still far too much. We cannot find out how many people in GOL and related government departments are consulted about London planning issues, and we cannot find anyone in Government who does know how many people are. That is why it takes so long once you have had a public inquiry to get a final decision: wandering all over Westminster to discuss whether or not we should have Gerald Ronson's (Head, Heron Group) Heron Tower built, or the London

Bridge Tower, and now the Thames Gateway Bridge. This is ridiculous. Between the boroughs and the GLA and the Mayor's planning power, it should only be at the rarest instance that central government gets involved in a London planning decision.

**Murad Qureshi (AM):** You mentioned earlier the referendum in the North East about regional government and it is not surprising it was not successful given that it was pretty toothless, what was being proposed. If we go further north, we have the Scottish Parliament. Is there anything to learn from there? The reality is the Scots have got themselves a lot more power than the Welsh, and run the country anyway. I was just wondering if there are things there, which we should look out for in London governance.

**Bob Neill (Deputy Chair):** Do not get mayors of other places to campaign for it.

**The Mayor:** I think the tragedy for the Scottish Parliament and the Welsh Assembly is that they did not have a Government minister commission their new headquarters. I think both of them have got off to a very shaky start by this nightmare rumbling on about designing your own building. I have to say that when LFEPA wanted me to agree they should design and build their own building, I thought, 'what a nightmare: politicians designing and building their own headquarters.' It just does not work. If there was one real advantage we had it was that: we arrived, the contract was already signed, we could make minor changes but that was it. It came in on time and to budget.

There are quite distinct differences; the cultural differences are being reflected in quite different political priorities. Trundling round Britain over the last 30 years stirring up trouble all over the place, I have always been aware of the cultural differences between the South West, the North East, London, the East and West Midlands: these are very distinct but have been smothered for years, for generations, by a small, national, based in Westminster which happens to be based in London but actually is not even of London. That has suffocated our own cultural identity in London. I think both the Welsh and Scottish structures will go from strength to strength because they will make their mistakes and learn from them and learn much more rapidly than central government ever does. I would love to have the powers of the Welsh Assembly; I would even more love to have the powers of the Scottish Parliament.

In my heart, I have to tell you that that is where I lose the United Kingdom Independence Party (UKIP). I think we should be an independent city-state. The idea that a city the size of London could not manage its own foreign policy and defence is ridiculous. If we were a separate city-state we would be at exactly the mid-point in terms of population and economic wealth of the European Union. We would be a middle-ranking state. I am not suggesting for one minute this is ever going to happen in my lifetime if ever, but when you consider London has an economy the size of Austria and a population the size of Belgium and bigger than half the European Union, and here we are still held back, quibbling about minor little issues. Any sort of small scheme you

want, you are all trekking up to Whitehall to get agreement. I remember hauling my way up under Labour and Tory Governments in the 1970s and 1980s as Housing Vice Chair in Lambeth and Chair in Camden to discuss the refurbishment of half a dozen homes along a street in Lambeth or a street in Camden. Yet, as I say, we are an economy the size of Austria. What a complete nonsense. I think Britain's economic dynamism and certainly London's, is held back. Take now the nonsense of the East Midlands station at King's Cross. If that power had been one exercised by TfL, we would be fitting out that station now. Government got worried about the cost and so Government pulled it in. We have now lost the option of fitting it out for £60 million. If it goes on too long and we come back in three or four years' time, we will have to dig up the forecourt that has no doubt just won an architectural award outside King's Cross and St Pancras and install it for three or four times that sum. That is where we lose out: getting central government to take the sort of decision that saves you perhaps 15-50% on the cost of a project early than if you take it two or three years late.

**Councillor Cameron Geddes (ALG):** You have put your eyes on GOL and the Foreign and Commonwealth Office (FCO) and the Ministry of Defence (MOD) as well it almost seems there. As the last leader of the legendary London Waste Regulation Authority I was delighted that you mentioned waste as one of the topics. You said that devolution was a good thing and you would more or less argue the toss about what comes to the GLA and what comes to the councils, waste, education and housing which we have not touched upon. Can you give us some specifics about which would you argue most strongly on a GLA level and which you would trust us little people to deliver?

**The Mayor:** The Government is effectively about to transfer housing policy to me but it is still going to be that I will make recommendations to Government and hope they will agree. I think that in terms of the allocation of Housing Corporation funds, that should be a GLA function. All the administration, involves councils being allowed to build housing again or having management over it. It has to be down there with boroughs or with Housing Associations as they always were.

On education, no one in their right mind would want to recreate the ILEA on a London-wide basis, which would be almost impossible. I sat on the schools committee and we had 1,300 schools. You always focused on the three or four that were failing. Wouldn't love to just have three or four failing schools in London these days. You have to have that done on borough level, but boroughs have to have the resources to provide the education. Nightmare bureaucracy though it was, the ILEA had 80% of its education costs paid by Kensington and Westminster and City and it meant you could have a level or provision that no borough has ever been able to provide on its own since. Schools have to be down there with the boroughs. Further and higher education? What nonsense. That is clearly somewhere a London regional authority should be ensuring you do not get wasteful duplication, you do not get colleges competing with each other, packing the best number of students as cheaply as possible. You would want to make sure that across London,

the whole range of provision of courses that a great city needs is provided. I have to say as well the overlap with LSCs and the LDA is so enormous. You do not want the Mayor managing the colleges and you would want borough representatives on the governing bodies. You do want the Mayor to have the power to set the policy parameters they are following.

Was the third one waste? You should collect it and you should carry out things at those early stages. The fact that London has such an abysmal record on recycling on average, varying between the wonders of Sutton and the horrors of Islington and Brent, this is because there was not that central waste authority driving that agenda forward. I am now in this West London Waste Authority judicial hearing reviewing my decision about their incinerator contract, largely because over the years West London Waste has not put in place the alternatives. Why should it? No one was taking an overall London view. You would actually still be letting your contracts to all these interesting contractors with all the interesting arrangements I occasionally hear about. I would be setting an overall recycling strategy and making sure people conformed to it. I have to say, being unpleasant about it, it does seem to me to be that the underlying approach of the waste authorities in London has been to dump it somewhere else. It is quite striking that when a London waste authority comes up with a plan for an incinerator, it is not in their area but in a neighbouring area. When I see a waste authority Chair recommending an incinerator in their ward I will believe the system is strategic.

**Councillor Cameron Geddes (ALG):** Can I just come back on the Thames Gateway? How do you think that could be delivered differently if we were looking at the different structures?

**The Mayor:** If the GLA had been set up a few years earlier I am not certain the Government would ever have created the Urban Development Corporation (UDC). Literally immediately after the 2001 election when we were still in our first year, because we did not take office until July 2000, they came up with the UDC and it has lumbered on and it is not quite clear what it is going to do. I have gone out of my way to say we are not getting into an argument about whether or not it should be there because it is there so let us make it work or work with it. I do not think it is something that the Government would do now if it were starting again. I think, through the Thames Gateway board chaired by Keith Hill (MP) and myself, and given the cost of government investment to make the Thames Gateway work, I will get all the credit for opening the East London Line if I am still in office, but I have to accept that I needed the Government funding decision to actually get there. All these other big infrastructure projects, the provision of hospitals, schools: there is no way that level of public spending is going to be simply left to a Mayor. There will be Government involvement. It works very well at the moment and we are gradually pushing it forward. It would have been a lot easier had I had all those powers to begin with but I accept that as with the Commissioner of the Police, some things are so big that no central government would ever let them wholly go. A smaller regeneration project like Wembley or Greenwich could be left to the local mayor or borough if we

were now starting from scratch with the Greenwich peninsular. Something as big as the Thames Gateway, which then spills into Kent and Essex, is bound to have a Government involvement. We reached a really good consensus by actually arguing it all through. It has taken a bit longer than it should, that is all.

**Councillor Hugh Malyan (Chair):** You talked a little bit earlier about the overall devolving of powers from central government. You said, 'Let us get them devolved, and then we will have a sort of debate about whether the boroughs do this, whether the GLA does that.' First of all, why is it not possible to share those powers, theoretically at least, subject to the particular ways and means that there is a joint responsibility, or that probably the major responsibility would be with you but there can be a power share to a degree? I just wanted to pop back to GOL for a minute and you have gone for the 'abolish' option, but if we are being realistic, because of the focus that is London which you have referred to several times already, the Government of the day is going to want something called a Government Office that is looking at London: what about it being the sort of size of the Welsh Office or the Scottish Office? At least some movement happened there; they went down in size. They are always going to have some function to perform for ministers in relation to London, but in reality this massive budget of £2.5 billion or whatever it is that they are spending does come back to regional government in London and to the boroughs and we move on from there.

**The Mayor:** Let me take that second question first. I do think that given the core of research expertise we are building up, you need a very small corps of civil servants, quite junior but just out of university thinking interesting thoughts, prompting and so on, and able to brief ministers when they are meeting the boroughs or the Mayor. On the issue of shared responsibility, I think different roles within the same policy area or service area is fine. If as Mayor I was setting overall police or health authorities but the boroughs were responsible for what is happening locally in their areas on hospitals or policing, that is clear. If you actually think of shared responsibility as it was on housing between the boroughs and the GLC, with borough estates cheek by jowl with GLC estates, it was a nightmare. There was no justification for that whatsoever. It has to be absolutely clear and separate. The GLA and the Mayor must broadly be setting strategies, policy directions, resource allocation, and not too much in the way of detailed management services. The only service that clearly the GLA is going to be involved in, in detail is transport. You just have to be otherwise you have endless financial arrangements all over London. Almost every Tube line, every train line and every bus route goes through about one-third of the London boroughs; there are very few that are self-contained. That is the only area. When you come down to looking at the Mayor's responsibilities in further and higher education, it is setting a broader strategy. Locally, boroughs and business leaders should be on the boards of the local colleges and universities to make sure that is being carried forward. Slowly I think we are getting there about a broad consensus in London government after a very difficult start.

**Councillor Hugh Malyan (Chair):** There is not the Tube in Croydon yet but we are really very hopeful now.

**The Mayor:** It is coming, it is coming.

**Bob Neill (Deputy Chair):** I was going to lead out Bexley and Bromley in that context as well.

**The Mayor:** We are getting down to Abbey Wood which is actually on the border of Bexley, virtually. The option is going on down to Ebbsfleet so that will go right through Bexley.

**Bob Neill (Deputy Chair):** I suppose if there is a Tube station proposed at Penge it will be in by about 300 yards. The point that I wanted to take up was your point about what powers come. You talked about how you would like to have all the powers of the Welsh and Scots' Assemblies. The devil's advocate might say that to the consumer of services, who decides is not the key issue. What is important to them is the effectiveness. There are those who would say that the health service in Wales is actually worse on a number of measures than it is in England where it is run by the Department of Health. Is devolution the answer?

**The Mayor:** Is it better or worse, that is the key issue? Are you saying it has got worse?

**Bob Neill (Deputy Chair):** It seems to have got worse.

**The Mayor:** That would not happen under me.

**Bob Neill (Deputy Chair):** There is nobody in the National Health Service (NHS) who would say it is run by the Department of Health. Mr and Mrs Londoner might say it is the quality of service that counts rather than who does it, provided it is efficient and there is somebody who is accountable that they can have a moan at. Is that not the real test?

**The Mayor:** Absolutely. I would simply say that if we step back and look at the rest of the world, whether America or Europe, the trend has been to move stuff back to regions and cities. If you actually look at what we understand best because we share a language in terms of the United States of America, from the start of the New Deal right up to (Richard) Nixon (former American President) and even under Nixon, powers were still going to Washington. We have now had 30 years of them going back and although you get problems because (Ronald) Reagan (former American President) and other presidents played the same trick, Mrs Thatcher did it of cutting national tax whilst forcing us to put up our local taxes, and that made problems, look at the innovation in American politics: it comes from state governors and it comes from city mayors. They are the ones who come up with new and original ideas, some of which we have copied quite frankly. It is very difficult to get that original thinking now in central government, I find. In Europe as well, that movement is all down now and I can understand that.

If you go back to the 1930s and 1940s, people knew their place. The provision of services was a lot simpler and the economy was a much smaller and simpler thing to organise. The individual purchasing decisions one individual took in a year were a fraction of those taken by the average citizen in the state. With the vast growth of consumerism, you just cannot manage things from the centre in the way that you could well into the 1950s. It started to go badly wrong in the 1960s. You just cannot manage those bureaucracies. The other factor you had up until the 1960s was that people joined a council department and stayed in it until they retired. I arrived in local government at a time when you did not have computers but you went into the Housing Department and said, 'I am worried about this estate', and the man – it invariably was a man – was there who had helped design it and build it and followed it all the way through. By the end of the 1960s and the early 1970s the turn over was such that the skill had been lost and it makes it much more difficult to manage. Much better, I believe, to recognise the pattern across the whole of the rest of the modern democracies is to devolve it down. It works better whether it is a Tory council or a Labour one than it does whether it is a Tory or Labour Government.

**Bob Neill (Deputy Chair):** I do not actually disagree with that; I was playing devil's advocate. The logic of that carried through is that certainly the experience I have seen in Europe through the Committee of the Regions and picked up more second-hand in the States, is that that can work regardless of the size of the local authority. You have lots of authorities in Europe and the United States that have the same competencies but vary enormously in size. I wonder therefore why it is desirable to think about changing the sizes of boroughs, even if it is 12 or 16? Does it matter? Most of them seem to rub along well and get good quality officers by doing a great deal of joint working and joint procurement where it is necessary. Is that a sensible route?

**The Mayor:** I think these reflect long-established cultural and political divisions. Clearly, in France there is one mayor for about every 60 people or something and it works because they have had 1,000 years to perfect it. One of our problems is that we have changed it again and again and again. So much has been sucked up to the centre it might very well be that if you had real devolution of power to the 32 boroughs and proper full-time properly paid local authority members, it certainly would work a lot better than it does now. I do still think there are problems with the smaller borough councils. I think that Richmond and Kingston would work fine together as one authority. As you move backwards and forwards between Hammersmith and Kensington and Westminster, as you move across that part of west London, particularly between Kensington and Westminster, you are never aware of where you are. There are some cultural differences at the border between K&C and Hammersmith. The reality is that all the main transport routes are across boroughs, yet you have Hammersmith and Kensington, which are long, thin boroughs. It does not reflect the transport patterns. We are actually going to have to put in new bus services in K&C if we have the extension of the Congestion Charge because north-south movement is not as easy as it should be.



**Bob Neill (Deputy Chair):** We will not go too much further but one thing I wanted to ask you about... In fact there is quite a lot of agreement around the table for example about GOL and devolving down to the lowest possible level. I do not think anyone disagrees in principle about that. What powers could we devolve from the GLA and the functional bodies down to the boroughs?

**The Mayor:** I think the Government got it largely right in the way that the Macmillan Government got the GLC wrong by setting up a big council without many regional functions. It only got transport in 1970 under Barbara Castle's (former Minister of Transport) Act. In setting up the GLA, and I was on the committee that did it, it was quite clear that we were taking things from central government or unelected quangos. I do not think we sucked up anything from boroughs. Can anyone remember anything we sucked up from the boroughs? I do not think we did.

**Bob Neill (Deputy Chair):** What strategic logic is there in running the A21 down in Bromley?

**The Mayor:** I think actually, where you have a road running through a borough that has regional significance; I think it should be part of the regional road network. We are finally on the point of getting what I want out of Government on this with the new legislation. That is the only thing. I do not think anything we are doing should be devolved down. I cannot think of anything we are doing that should be devolved down. Do you want to have responsibility for your local fire station? They would be under massive pressure to have more of them.

**Bob Neill (Deputy Chair):** Streets is an interesting one because I have never understood why TfL for example, you talked about direct procurement, does not use the boroughs as their agents to maintain things like the A21 running through Bromley.

**The Mayor:** There has never been a decision by me that you should not. I am told these decisions are taken simply on cost basis and competence basis. If any of you are unhappy let me know and we will have a dig into it. As you know, all my gut instincts are that it should be done by the public sector.

**Darren Johnson (AM):** We talked a lot about the regional and now the borough functions but you mentioned right at the start about the useful role of elected neighbourhood councils can play. What actual functions and what actual powers would you like to see those have?

**The Mayor:** I do think they could consider local planning applications. I do think that where you have a local school – and you would have a local school in virtually all of them, mainly a primary school – the actual use of those school buildings in the evenings, weekends and school holidays would be something that the local neighbourhood should be involved in. The neighbourhood policing patrols, how do we use those. What else can I think

of? Basically, monitoring what the borough is doing much more effectively than the Audit Commission is ever going to be. Are you getting your fair share of street sweeper time down your road? Are your pavements done? I was struck about 15 years ago when I went as Leader of the GLC to meet the newly installed Mayor of Havana and I was taken out to what they call Giving Account meetings. The local MP was reporting back to his constituents in a wonderful open-air forum on a lovely warm evening and everyone had a nice dollop of rum. He gave a 20 or 30 minute harangue about the iniquities of American imperialism, the World Bank and then we moved to questions about paving, the quality of the streets and so on. Literally, the concerns of the average person in Havana are the same concerns of the average person in London: my local school, the state of the local housing, the state of the local roads. In that sense, policy is all local.

**Darren Johnson (AM):** I can see the value of that monitoring role, but if they are just having a scrutiny and monitoring role, you are not necessarily going to get the interest in standing and the interest in actually going out and voting for them. Unless you actually give them some decision-making powers and the budget to go with it, you are not going to get the public engagement.

**The Mayor:** What I am saying in terms of what you are doing in schools and with local planning, those would be decision-making and you could have a local budget.

**Darren Johnson (AM):** Therefore, you are actually arguing for a budget- and decision-making power.

**The Mayor:** A local budget of say £50,000 a year spent locally could have a real impact.

**Darren Johnson (AM):** Local environmental projects, regeneration.

**Councillor Hugh Malyan (Chair):** The policing issue: Steve (Bullock) started off on that about Borough Leaders for many, many years now have been hacked off at not being able to have some influence in a direct relationship with the Borough Commander. We do appreciate that if that was solved to some degree, how would it then go down even lower? You mentioned some influence over the neighbourhood policing where the teams come in. I think it is right, but how do we actually achieve it in this sort of hierarchical structure with all the overlapping people who have the power?

**The Mayor:** My hope is that if that was working out and clearly as long as you had the neighbourhoods right and they were real neighbourhoods – that is what we are hoping for with our neighbourhood policing and things – then that degree of oversight might mean that Steve (Bullock) would not be phoned over the weekend or at night time about a complaint. People would have a mechanism. For example, here we have our local six neighbourhood police and at the meeting I would have to ask why they are not down my road, why are they not dealing with that small gang that hangs around the shopping

centre and so on. The idea of those sorts of decisions coming up to the Mayor of Lewisham is almost as unrealistic as them coming up to me.

**Councillor Steve Hitchins (ALG):** Just picking up on a couple of things, I am just a bit concerned with the lines on maps defining communities, which you have not said but you seem to be drifting towards. We have all had campaigns, run them and fought against them to bring back some of the old metropolitan boroughs: bring back Shoreditch and fight for Finsbury and all this sort of stuff. These are great things for campaigns.

**The Mayor:** You would have been horrified if it had happened though.

**Councillor Steve Hitchins (ALG):** Well, indeed. It worries me slightly that you are advocating going down to ward-based councils where it is the Electoral Commission and they do move the lines in quite an arbitrary fashion sometimes, that would then be defining councils which would then claim to represent a community. At the same time you are saying, 'Well, it does not matter, the boundary between K&C and Westminster.' I think the thing is that we know all the ward boundaries; we learn about them the instant they change. The people out there, when they get their council tax bill they know which council they are in, but a lot of the time it does not matter to them and they certainly do not know which borough they are in at any time, or on which bus route. Perhaps there is a message possibly rather than a question: from your strategic role, you should be putting more pressure on councils to work together so that we use our size in relation to the delivery of service. Clearly there were issues around education where a borough as small as Islington did struggle to have an education authority; it was just too small. That is why a private contractor has delivered. Much better that we had possibly – who knows, it is too late now – combined with Camden to deliver an education service across two boroughs. If we can do that and not be bound by party or just sheer fiefdoms, you could encourage and facilitate that in a way that is not possible with GOL. That was the first point.

**The Mayor:** Let me deal with them one at a time because that was already quite lengthy. It may be that now that the system has settled down there might be a role for my office in encouraging boroughs to go in this direction. I suspect though that unless it is your idea and you carry it forward, someone will ask, 'What is he after?' and there could be elements of distrust there. You should not really need me to push you in that direction. It works quite well in TfL. We have a lot of cross-borough partnerships taking projects forward; inevitably you have to.

On how you define boundaries, I think the problem with how current ward boundaries came about, I think it must be 20 years ago, perhaps it is even more, when the Boundary Commission moved from having allowed a 10% variation in ward size down to 5%. We were able to better reflect local boundaries. Clearly there is no reason why some wards should not have 20,000 people because that might reflect a quite dense community, and others might only need 5,000. If you are going to go down that road you have to have Proportional Representation (PR). I have no problems with that. It is

only the absence of PR that means you have to have this ridiculous mathematically tight approach to defining these ward boundaries. They are much less realistic than they used to be 10 years ago when you had that wider margin of 10%. Clearly, PR has worked quite reasonably in Scotland and London for the Assembly on these issues. We all know that there are boroughs where it benefits all parties: parties hold majorities on the council with a minority of the vote. This is just the anomaly... You get distortions enough in the first-past-the-post system for a nation state. When you get down to a local authority level, even if... My favourite is K&C: in the very best year for Labour, which was 1971, and the very worst year for Labour which was 1968, one ward changed hands. The distortion by those concentrations... If you look at Québec...

**Councillor Merrick Cockell (ALG):** We are taking more and more every time, Mr Mayor.

**The Mayor :** I know, you are doing well. It is because you are such a one-nation party down there.

**Councillor Merrick Cockell (ALG):** We are talking the language of the people.

**The Mayor:** If you look at Québec and the distortions there: basically, the Parti Québécois and the Liberals win within 1-2% of each other their votes. You get a two-to-one majority of the Parti Québécois over the Liberals on a 1% margin of additional votes. It is bizarre. I do think the case is made for PR in local government. I also think – it is not as bad as it was – but the old one-party states we used to have rolling on. When I came into local government, some of the east end boroughs had had the same party leader for 25 years. I wouldn't go down that road, frankly.

**Councillor Steve Hitchins (ALG):** You were talking about the switch and how the boroughs have lost a lot of their powers. You cited housing and I think that is a good example. I think perversely as the power has gone, the influence has increased. The influence over housing now that money is coming into public housing is very, very important. Whether it is an Arm's Length Management Organisation (ALMO) or another structure, I think boroughs are having more of a say in the quality and design and development of housing than we have had for a long time, because the investment is going into it.

The other point you mentioned, the answer to where else we are benefiting is undoubtedly in health and police because of these unique London boundaries. I sit on the local Primary Care Trust (PCT) as a non-executive and in our area it is co-located with Social Services. If we can just crack the health service's IT which is unbelievable in terms of firewalls and protection and so on, I think there is a great deal that people would benefit from delivery of those services.

Where I think I differ from you in tone is the idea that people have to know who is delivering the services. If they are public services, they can use the council's role in partnership with others as the democratically accountable body. I think you can reinforce that level at a regional level by having responsibility for the strategy. People will relate to those who are elected rather than the faceless bureaucrats who just answer to the health service. The problem I have is in the relationships. Every borough of every political persuasion will always have public differences with you in some areas. When I sit round the PCT board meetings, the regional authority says we have to give £2 million to the Whittington (Hospital) and everyone says, 'That is a good idea, we will just pass it over.' There is never, 'Why do we need to?' There is no democratic accountability. I am wondering how you think we can bring that into these public services.

**The Mayor:** I suspect that wherever we are dealing with the NHS, two or three boroughs will have to come together to do it and the Mayor will set the strategy. I think the boroughs are the real gainers in this. As long as there is a Mayor, the Mayor will be blamed for anything that is going wrong that they have even the most peripheral interest in, and responsibility. The Mayor must have the ability to step in where you fail. If there had been a mayoral system in place for the last 20 years, a mayoral system able to step in when Hackney's schools failed and all the other things were going wrong, it is better that was done by the regional body rather than the national government, frankly. I am prepared to say that at the end of the day the Mayor will take the can back if a local couple of boroughs managing the local health service are failing, as long as the Mayor has the right to step in and replace failing local authority management. All I am saying is it just is painful sometimes when a borough council comes along to me and says, 'Can we have x thousand pounds to put in a new traffic management scheme?' I give it to you; then it goes wrong and you denounce me for having been responsible for this. I cannot say which borough I am thinking of on this one.

**Councillor Cameron Geddes (ALG):** Just to ask the reverse of Bob's (Neill) earlier question: is there anything that is currently done now by local councils that you think in the reverse of devolution could go up to the GLA? Someone else mentioned trading standards, for example. It is difficult to get a career structure; you have mentioned the size of the London boroughs.

**The Mayor:** In a sense, the trading standards relationship is always going to be with national government that covers the area of the national market that you are dealing with. If there were one thing, I would say building regulation. It is absolutely ridiculous that there is not a uniform London building regulation. That is one I think makes sense. You can still tell whether you are in the old London County Council (LCC) area or not when you are in a council house by whether or not you have an overflowing sink. Herbert Morrison (former Leader, LCC) had a nightmare of bugs crawling up the overflow and therefore the old LCC as staged in the Morrison era did not have an overflow in the bath or the sink. I am not saying that is a justification. I do think a London-wide building regulation standard makes sense. Having dealt with local builders moving from inner London where there was a common system

to the outer boroughs, they often are not aware and make quite a few mistakes.

**Councillor Edward Lister (ALG):** I think actually there is a lot of agreement that a lot of services should be passed down. I think we are all agreed on that and I think even your political opponents do actually agree that you have more credibility as a representative for London than GOL. How can we practically move this forward? Governments by their very nature never give up power. There has to be a trigger, which makes it happen. I think we all hope that this kind of gathering helps towards that trigger, but it is a thought process that you must have been through several times. Do you have any suggestions?

**The Mayor:** I have been close to despair over the last 30 years just watching the erosion of power. When I was first elected to Lambeth Council in 1971, we had some real freedom to initiate, to expand – that was happening across London boroughs. When I think of the administration before the one I served in, Bernard Perkins (former Leader, Lambeth Council), John Major (former Chair, Lambeth Housing Committee) they were absolutely innovative in terms of housing policy. What they did on that borough was copied and replicated across London, and helped form Government thinking. That has been stamped out largely by this centralisation. I do think this is the first time in my political life where this process seems to be on the cusp of reversing. The devolution to London government...which the Government perceived as having been a success. They are much more relaxed about it now. I think my going back into the Government party has helped that process and it was one of the reasons for doing it.

Inside Government at the moment there is a debate about further devolution. If you produce an interim report that catches the election period, just before or just after when they are looking at this, I think it will have an impact. If it is something you are all agreed on, I am agreed on, I think there is a real chance of it carrying quite a lot of weight. I think Government is prepared for quite a substantial shift. For me, the real shock was actually being given that £2.9 billion borrowing ability. I never would have believed that was possible. Mrs Thatcher was a different case. With the exception of Mrs Thatcher, normally by the end of two terms Governments have been defeated even after one term. Therefore, perhaps we are at the point where a third-term Labour government, recognising the limitations of trying to run Britain from the centre, will be open to real change. I am optimistic about that, particularly if it is a narrow majority and they are looking for things on which there is a broader consensus as well. Or even if it is a hung Parliament as well: who knows what is going to happen? I think we should all be in there pushing. If there is a consensus between this Commission and what I am looking for, we have a very good chance of getting it.

**Mayor Steve Bullock (ALG):** A very straightforward question about the GLA precept. This year it was not a major issue, but in some years the size of the precept has meant that debate within a borough about what was an acceptable level of tax rise has been distorted by it, even though the boroughs only act as the agents of the GLA. Do you think it will increase the

transparency of London government if the GLA billed separately for its precept?

**The Mayor:** I do not know what it would cost. I have a real attraction to that because I think what tends to happen is that you always blame me for your increases. I would most probably say that even though it is going to cost more, it would be sensible that we would set a precept and your departments would send it out separately. We certainly do not want to create our own precepting department; you are obviously the contractors we would use. I think it should be that. All my professional advisors say, 'No, it will cost more money', but I think it makes sense. I have to say though, that the one year we had a very difficult year was my third budget which was the year you had a difficult year. This is simply determined by how generous or ungenerous Government is. This year it is not going to be a great problem. It was not a great problem in my first two years although Bob (Neill) did work himself up to saying people were having to cancel their holidays because I was asking another 54p a week.

**Bob Neill (Deputy Chair):** This is a calumny; that was one of my colleagues.

**The Mayor:** Whatever 54p a week came in at the end of the year, you were not going to get much holiday for that.

**Bob Neill (Deputy Chair):** I said something altogether more insulting.

**The Mayor:** Careful, you can get sent to the Standards Board now for insulting people.

**Councillor Hugh Malyan (Chair):** Thank you very much and a really big thank you to you, Mr Mayor.

**The Mayor:** I have enjoyed it immensely. I love discussing local government in London. It seems my entire life has been spent in it.

**Councillor Hugh Malyan (Chair):** There is quite a lot of experience around the table but I think that yours encapsulates the lot.

**The Mayor:** Does anyone predate 1971?

**Councillor Hugh Malyan (Chair):** You have given us two hours of your time and we are very grateful for that.

**15 March 2006**

## **Commission on London Governance: Fourth Hearing**

### **Evidentiary Hearing on Housing**

Members of the Commission held an Informal Panel Hearing on housing to examine the impact of current London governance arrangements on the ability to deliver an effective housing service for Londoners.

The Commission heard from the following panellists:

- Neil Litherland, Director of Housing, London Borough of Camden
- Chris Buss, Director of Housing, Wandsworth Borough Council
- Berwyn Kinsey, Head of London Housing Federation
- Donald Hoodless, Group Chief Executive Circle 33
- Martin Cheeseman, Director of Housing Services, London Borough of Brent
- Mike Davis, Director Housing at London Borough of Croydon

**Present:**

London Assembly

Association of London Government

Murad Qureshi

Cllr Hugh Malyan (Chair, chaired the hearing)

Cllr Steve Hitchins

Cllr Edward Lister

### **Transcript**

**Councillor Hugh Malyan (Chair):** Good afternoon and welcome to all our guests here today. This is our fourth evidentiary hearing for the Commission on London Governance. My apologies that we seem to have caught some clashes in important events and several colleagues are away at the Fire Authority's annual conference. Can I start by thanking you all very much for coming in today. This is specific to housing today, across all issues related to housing. We would specifically like you to concentrate on the three themes that the Commission is concentrating on in terms of London governance: accountability, effectiveness and quality. It is quality and effectiveness, we hope through accountability, and that is what we are looking at across all ranges of governance in London. Please can you introduce who you are and



your specific role in your borough or wherever you are from, and then I will kick off into some questioning.

**Donald Hoodless (Group Chief Executive, Circle 33):** I am Donald Hoodless, Chief Executive of the Circle 33 Housing Trust, which manages 22,000 homes.

**Berwyn Kinsey (Head of London Housing Federation):** I am Berwyn Kinsey, Head of London Housing Federation.

**Martin Cheeseman (Director of Housing Services, London Borough of Brent):** Martin Cheeseman, Director of Housing Services for the London Borough of Brent.

**Chris Buss (Director of Housing, London Borough of Wandsworth):** Chris Buss, Director of Housing for Wandsworth.

**Mike Davis (Director of Housing Services, London Borough of Croydon):** Mike Davis, Director of Housing for Croydon. ]

**Councillor Hugh Malyan (Chair):** Thank you very much. I declare an interest as the immediate former Leader of Croydon Council that Mike (Davis) and I have met on one or two occasions in the past. Using those three key themes that I outlined a moment ago, how do you feel the current governance structures as they apply to London impact on your ability to deliver housing services in London? Does anyone want to have a go at that? It is a pretty big theme I know. Be as controversial as you like.

**Donald Hoodless (Group Chief Executive, Circle 33):** What I would say is they are very complex environments in which we work. As a Housing Association, we are dealing with the Housing Corporation, which allows us to deal with the infrastructure. We are also involved at a sub-region level, and with the Audit Commission, and of course we are dealing with London boroughs directly on a wide variety of areas. In addition disputes them go up to the Housing Department or Planning and Social Services where we are doing care and support. I think our view is that it is a very complex issue in terms of the provision of new, affordable housing. Looking at the affordable housing issues, the structures are extremely complex – we also deal with the Greater London Authority (GLA) or Government Office for London (GOL).

**Mike Davis (Director of Housing Services, London Borough of Croydon):** As a local authority we would tend to agree with that. It is complex and there are a lot of players. The other thing to bear in mind from a local authority point of view is that with this number of players, it is sometimes difficult to get a local voice heard.

**Chris Buss (Director of Housing, London Borough of Wandsworth):** It is a confusing picture.

**Councillor Hugh Malyan (Chair):** We pretty much all agree that we have this complex mass of structures and players involved in London, whether you are the boroughs, the Mayor, English Partnerships, the Housing Corporation or the London Housing Board. The follow-up question to that is how it could be simplified in some way; whether it is a few small issues you think could help improve the structure or whether it is some pretty whole-scale change. Does anyone want to put forward a view on what could be done to improve it, bearing in mind that this is on the basis of delivery, accountability and quality of service to the customer in London?

**Donald Hoodless (Group Chief Executive, Circle 33):** I think you have to make a distinction between management and provision. Certainly my own view is that management is a very local issue and should not be altered. What I think is of concern is the more strategic delivery of a London housing plan and having a body that in a sense wraps up some of the other bodies that can deliver that framework for the provision of more housing in London. I do think that the role of the London boroughs is very important in both management and local planning issues. I do think that they are entitled as strategic bodies... I do not believe you can have 32 plus the City of London strategic housing bodies in London. I do have sympathy with boroughs needing to have a local housing plan, but I do think it is confusing where we are talking to a borough, which is in theory a strategic housing authority for its area. Then we have the sub-region and then we have the possibility of that being overruled, and there have been times of when it has been overruled at regional level. I think I would like to see one strategic body in charge of the delivery of more housing for London with better local management at the very local level.

**Councillor Hugh Malyan (Chair):** Who do you think that body should be?

**Donald Hoodless (Group Chief Executive, Circle 33):** I think it inevitably has to be the GLA or this body.

**Martin Cheeseman (Director of Housing Services, London Borough of Brent):** Whilst I can understand and to a certain extent agree with needing an overall strategic body, if you want to look at the high-level figures and high-level processes, I still think there is a role for the boroughs to deliver at a local level. There are certain examples where having 32 London boroughs is quite appropriate and there are others for which it is not. We need to tease out which things need a more local strategy as against having the overarching figure. At the moment, the document says that there is no intention of doing away with 32 London boroughs. They are not going to be creating the five super boroughs or anything like that. We live in a political environment and a number of people here are elected to represent their individual boroughs. While that structure exists, I think you have to ensure that the boroughs understand their role and are accountable for delivering it.

**Councillor Hugh Malyan (Chair):** Before we go on, can I just say welcome to Neil (Litherland, Director of Housing, London Borough of Camden) and thank you for joining us today. We have just kicked off on the broadest questions of

how the present governance structures right across London are impacting on your ability to deliver. We are now back into the return question on how in your opinions they could be improved. On that point, Martin (Cheeseman), a strategic body which retains local influence over local matters... and no, by the way this particular Commission is not looking at either the external borders of London or the internal political borders of London. Can you define local influence, in other words what is going to be the relationship between the strategic power and the local influence? Would you be prepared to try to define that a bit better for the future?

**Martin Cheeseman (Director of Housing Services, London Borough of Brent):** If you look from a housing perspective, you have a borough where you have large estates, large developments, small estates, small developments and where, from a planning point of view, the local authority has been designated as the organisation best equipped for deciding within the broad parameters of the (London) Plan what should be built and what should not be built. You also have for instance a local authority still with individual responsibility for homelessness, and therefore for a borough to decide what mix of property that it needs within the broad parameters – what size, where the location of property should be – this is something I think still best placed to be done at a local level and not just by planners.

**Councillor Hugh Malyan (Chair):** Okay, thank you very much.

**Bob Neill (AM):** That is an interesting point because it does strike me sometimes that 'strategic' sounds great to planners, but in terms of actual delivery, what is the key thing for you in terms of delivery? Are you really thinking at ward level in terms of delivery or borough level perhaps or sub-regional? Does one really think in terms of those as one overall housing need or market in London? Or is the reality that there are different needs in different boroughs that you need to address?

**Berwyn Kinsey (Head of London Housing Federation):** In some senses that goes to the heart of the question: there will be different issues that need to be dealt with at different levels. At the moment there are too few issues that are being dealt with on a pan-London basis. There are a number of things, growth is one of these: we know that if London is going to grow in the way in which it is indicated in the London Plan, that it is going to grow in terms of population, we need more homes. We know that there are limited sites in London and we know where those sites are located. They are not located equally distributed across the existing boroughs. That means slightly that future investment and growth is going to be in certain parts of London. It seems to me that this is the kind of strategic issue you need to be taking a high-level view at, and that is not something that individual boroughs can necessarily take a view on. How that is interpreted in terms of planning and in terms of the schemes that come forward in those boroughs would seem to me to need to be done at a local level and produced at a local level. On the question of a London housing market for example, it is a fact that if you live in private accommodation whether it is rented or you own it, you have the freedom to move as you wish within London or indeed outside of London.

That same freedom does not exist for people who live in affordable housing and so there is a question about whether you recognise London as an entity for affordable housing and enable mobility at a London level. These are just examples of where I think there are real issues around cutting it, rather than at a borough level now, but moving with a strategic issue from the point of view of people – either existing residents or future residents – that we need to take decisions at a pan-London level and a strategic level. It may be that you enact that at an existing local authority level or sub-regional level, but the decisions need to be made at that higher level.

**Bob Neill (AM):** It is interesting, what role do the sub-regions necessarily play in all of this? One could say that you do not really need that. You have a strategic role sorted out here and then you deliver on the ground in the boroughs. What added value do the sub-regions bring to the feast in that event?

**Mike Davis (Director of Housing, London Borough of Croydon):** They were a compromise at the time. They are a very workable compromise. At the time, changes were made in the funding regime for housing across London and there was concern on the local authority part at that time that we would lose our ability to influence what was going on, on the ground, and therefore that structure was set up to compensate for that. Having set it up, it is delivering some added value. The question we are continually asking ourselves in those sub-regions is, 'Is it doing anything or is it just a glorified additional bureaucracy?'

**Donald Hoodless (Group Chief Executive, Circle 33):** From our perspective as housing associations, the sub-regions have added to the complexity. Secondly, from slightly outside of it I would say that the sub-regions have done a very good job of knowing what they want, but they cannot really agree on how they want it distributed between them. That really is the most difficult issue and it will come up under the lettings issue particularly around new provision and who gets it and how that is distributed. I think that is another one of the real problems about the arrangements we currently have. I sympathise with the boroughs, I do not do this in a critical way. I think it is extremely difficult with local electorates to turn round and say, 'There are a lot of people coming in from another borough to live in this particular development.' It is not a criticism; it is just a recognition of the political difficulties of having 32 London boroughs trying to work together about distributing larger-scale schemes which is what is required. That really is a very, very difficult issue for boroughs to deal with. I am saying that because I think it is easier for me to say it as an outsider than some of the Directors of Housing who have to struggle with it and how it can be done. I always joke that in these sub-regions virtually everyone expects to be a borough that is exporting people to other boroughs.

**Chris Buss (Director of Housing, London Borough of Wandsworth):** You actually have two representatives here from one sub-region and to be fair we do have our differences of opinion, but to say that we do not actually agree is wrong. At the end of the day, we reached as Mike (Davis) said earlier, a

compromise nominations agreement. It was not particularly what I wanted for Wandsworth, it was not particularly what Mike (Davis) wanted for Croydon but we got something and it works and everybody else is happy with it. To say that it does not work... I do not know whether it works in any other sub-regions but in southwest London we have got it to work and we have got it to work well. Everyone is playing with it. We have the ball and we are all running in the same direction.

**Bob Neill (AM):** You would argue for keeping the sub-regional approach rather than something different...

**Chris Buss (Director of Housing, London Borough of Wandsworth):** I would prefer to have a sub-regional approach than a pan-London approach because at least it enables us to have a lot more local influence. You have seven boroughs there that are able to argue the toss. Personally, and this is a personal view, if we went back to the old system where boroughs had their own allocations then fine, but I accept the fact that in Wandsworth we do not have a lot of developable land; Croydon and Sutton for their sins do. Therefore, there is much more likely to be housing association or social rented stock being developed in those boroughs than there is in Wandsworth. Therefore it is reasonable that there should be some form of allocations arrangement whereby if I have surplus demand and – this is the key point – there are people who want to go to Croydon or Sutton – and that is the key point because if people do not want to go there they are not going to go – then that works. We have only been at it for two years but we have got it to work.

**Martin Cheeseman (Director of Housing Services, London Borough of Brent):** If I can come in from the west's point of view, I would again say that we have agreed a joint lettings distribution which has meant accepting that some boroughs have been importers because at this moment in time they have the capacity to build where others do not. In a borough like Brent which of the seven boroughs has the highest housing need, we accept that we will be a net importer for a couple of years because we have the opportunity sites of the Wembley stadium area which will be of benefit to the west as a whole. What we have also been able to get is a working group of members sitting together and working things out at a political level as well as an officer level. That is something, which the sub-regional approach has actually brought back in, where arguably the set up of the London Housing Board took that out. Therefore we are able at a local level to keep that political involvement and that political decision-making in, which I think even as an officer is a vital part when as local councillors you have responsibility for delivering those housing services.

**Mike Davis (Director of Housing, London Borough of Croydon):** There clearly is a case for some sort of pan-London mobility arrangement on what we have at the moment and we are working towards that. There are a couple of key questions we need very clearly answered before we determine the extent to which we are able to support that. One is around, as Chris (Buss) said, the level of demand. He was talking about the sub-region but that

question equally applies in terms of the region as a whole: what the level of demand is to move around and across London. The second thing is to what extent any pan-London mobility pool of homes would have an impact on local authorities' ability to meet their statutory homelessness demand. At the moment as members are aware, we have a very fragile balance in terms of the supply and demand on the homeless equation: getting people out of bed and breakfast (B&B), etc., across London. I think that any shift of re-housing resources under new arrangements would need to be very clear about the potential impact on local boroughs' ability to meet that homelessness demand. It is a very fragile equation.

**Murad Qureshi (AM):** Can I just go back to the governance issues? One of the areas that have not been explained to us is the nature of how housing association boards are made up and who selects them. I think that is critical on accountability.

**Donald Hoodless (Group Chief Executive, Circle 33):** Our board positions are filled by public advertisement. We would look at the range of skills required to meet the governance requirements set out in the code of governance for housing associations and seek to recruit by public advertisement, which is what we have been doing over the last three years.

**Berwyn Kinsey (Head of London Housing Federation):** That is increasingly common now especially amongst the larger associations. We as the National Housing Federation also advertise publicly for a pool of people who we can then match up with housing associations which is particularly effective with smaller housing associations that perhaps do not have the resources to go into the *Guardian* and put in an advert, which can be very expensive. In our code of governance we do stipulate that whatever process is in place it should be fair and transparent and should be based on an assessment of the needs that board has.

**Murad Qureshi (AM):** Would you agree that that pool is much the same people most of the time?

**Berwyn Kinsey (Head of London Housing Federation):** One of the key things about our scheme Get on Board is trying to extend that pool both in terms of drawing people from sectors that traditionally have not been drawn towards doing this kind of non-executive work and also in terms of diversity. We are trying to encourage more women and more people from ethnic minorities into board membership. We recognise that has traditionally been a weakness amongst housing associations.

**Murad Qureshi (AM):** What about tenant representation, because I think we are just losing sight on the governance structure? How easy is it for a tenant of a housing association to know who is the boss at the end of the day, and whom does he go to for complaints?

**Berwyn Kinsey (Head of London Housing Federation):** In most housing associations we will produce some kind of newsletter for tenants and

residents and all are legally obliged to produce an annual report which is available. In the annual report it will say who are the board members and the board members' experience and their length of service. Most associations that produce a newsletter will also on a regular basis update their residents as to whom board members are. In the case of complaints, all or nearly all of our associations are members of the Independent Housing Ombudsman's Scheme so in addition to being able to complain directly to the association, there is an independent scheme they can also complain to which is completely separate from the association and outside of their influence.

**Murad Qureshi (AM):** Is there any voting mechanism for tenants to vote people onto the board?

**Berwyn Kinsey (Head of London Housing Federation):** It varies from organisation to organisation. Lots of organisations historically have had elections for their tenant board members though that is by no means universal. More rarely there is a universal franchise for all residents but often it is an electoral college made up of those people who are actively involved in tenants' associations or the chairs of tenants' associations and so on and so forth. There is a quasi-democratic model in some associations though by no means all. In others, it is through a process of application so there would be a number of tenant board member places, which are advertised again in the newsletter, and then interviews take place and the board or a panel of board members would select from the residents. Where that happens, we do encourage that in the same way as if it were an external person applying for an independent board member post, there are clearly defined criteria for the qualities they are looking for in a board member.

**Murad Qureshi (AM):** I make this point for the simple reason that I know that when I go to surgery tonight as a local councillor, if I have a complaint or some matter that arises from housing management in a local authority, I can send an email and I will receive a response by the end of the week from the relevant officers, however senior I go. My experience of housing associations has been quite the contrary: you would be lucky if you get a response actually. By and large, the larger, the worse it is. I do think there are issues about accountability to Londoners who are dependent on housing associations and social housing. I am not convinced that there has been anything said that is going to improve that and I think that is the bottom line for me personally and that would be my litmus test. I would like to hear how the G15 views are on this. I find that a ludicrous title anyway but I would like to know whether they have begun dealing with that, or does that register at all on their radar.

**Donald Hoodless (Group Chief Executive, Circle 33):** In terms of dealing with complaints?

**Murad Qureshi (AM):** No, dealing with accountability to your housing association tenants and being responsive to when they have major issues. They may be quite basic things.

**Councillor Steve Hitchins (ALG):** Can I just say that certain people are ready to respond very promptly to all my enquiries.

**Murad Qureshi (AM):** I am not here to name and shame.

**Donald Hoodless (Group Chief Executive, Circle 33):** It is in that sense difficult for me to answer for others. We are quite clear that we do wish to involve our tenants and we do wish to respond promptly to complaints and as Steve (Hitchins) has indicated, we do that. We do have a quarterly tenants' newsletter. Our housing committee deals with all of the housing management issues has four tenant members. We have what we call a joint commission, not a very attractive title but it is a meeting between tenant representatives and our staff to thrash out issues. We have an annual tenants' conference to elect those four members to the housing committee. We also do estate-based work and local work very much to involve tenants in the process of either managing their estates or feeding into that, or managing and raising issues on the whole issue of housing management that we are involved with.

**Murad Qureshi (AM):** How many local authorities do you operate?

**Donald Hoodless (Group Chief Executive, Circle 33):** Relatively few in London. We work in northeast London. I would have to count them. We start in Camden, Islington, Hackney, Tower Hamlets, Redbridge, Waltham Forest, Newham and Barking – about eight or ten. We are very regionally based in northwest London. I think we have one tiny little scheme inherited in Brent for some reason.

**Murad Qureshi (AM):** To what extent can you say to the tenants of whatever borough they are in that their service is consistent across all of those local authorities?

**Donald Hoodless (Group Chief Executive, Circle 33):** I think we would say that we do seek to provide a consistent service across all those local authorities and do so. Why would it be different? We run it in the same way across north and east London.

**Murad Qureshi (AM):** For the simple reason that logic tells me that actually there are scales of economies in a localised management stock and when you have bits and pieces in one or two authorities, you probably lose sight of them when you are concentrating on where most of your portfolio is.

**Donald Hoodless (Group Chief Executive, Circle 33):** We have a customer service centre which we find deals with 90% of the issues raised by tenants who phone in. The other 10% require a visit or some other form of action and that is how we operate. Our staff within that housing management context do have geographical areas for which they are responsible.

**Berwyn Kinsey (Head of London Housing Federation):** I would accept and I think the sector as a whole has accepted that there is an issue about stock rationalisation, less so I would say with an organisation like Circle 33, which is



relatively concentrated geographically. There are some associations that work in scores of local authority areas. One of the things we are doing under our present initiative which we are calling "In Business for Neighbourhoods" is actually looking at toolkits to allow associations to start talking to one another about not actually swapping stock in terms of ownership because there may be charges on it, etc., where they have raised private finance, but looking at swapping management with one another to make more rational decisions about management, and deciding that there are certain neighbourhoods that actually it would be better if they did not operate in. Some of this scattering actually comes from previous allocation policies by the Housing Corporation and which associations they would give to and where they would give associations money, and also in some instances where boroughs decided they wanted to bring in additional housing associations to compete with those associations that were already developing these schemes. It is quite complex why the situation has arisen. It is not simply because housing associations are footloose and fancy-free in terms of where they want to develop. We are as a sector now coming back and looking at this again and seeing if there is anything we can do about rationalisation and where there are problems.

**Murad Qureshi (AM):** Can I just ask the local authority heads of housing to express their views on accountability of the housing associations operating locally in your local authorities and whether you are happy and whether at the end of the day the tenants are?

**Mike Davis (Director of Housing, London Borough of Croydon):** I was at a scrutiny committee in Croydon two weeks ago when housing associations were there to talk to members about their social behaviour policies. Some of the concerns you expressed were coming from members there and local people. I think it is a reflection on the historic way in which housing association stock has developed across boroughs or across the region and the fact that they have a geographically dispersed stock and management structure. We have to find some ways around that. In Croydon we have set up something called Community Housing Panels now as our core tenant participation forums – there are 10 of them covering the borough. Each one of those is open to any resident whether owner-occupier, council tenant or housing association tenant living on our estates. A lot of our estates are pepper potted with deeply Registered Social Landlord (RSL) stuff and there is a lot of right to buy. In terms of dealing with some of the community development and behavioural issues, we have to create that sort of structure to get input from everyone at a very local level. It is early days yet and it has taken time to kick start it but we are optimistic that it will start to deliver some additional results in terms of what residents want to see happen on the ground.

**Murad Qureshi (AM):** Pound for pound are they more effective as managers in your local authority?

**Mike Davis (Director of Housing, London Borough of Croydon):** I am not here to... We have some very good RSL partners in the borough that we regard highly; they are good developers and they deliver their programmes,

etc. We are a high-performing local authority as well. It is about learning from the best practice from each other and dealing with poor performance when it does occur.

**Martin Cheeseman (Director of Housing Services, London Borough of Brent):** As a borough that has had a number of stock transfers and therefore a number of specific housing associations set up, community-based associations as adjuncts of larger associations, I think our members were very anxious to ensure that there was a degree of accountability. We struggle with trying to find a proper mechanism for doing that. Like Croydon, we have also tried to set up a strategic group of tenant representatives of all social landlords to try to get some sort of common interest and understanding and that is starting to take off though I think it is not out of the cold frame yet. I think some associations learnt from local authorities as to how to consult and how to inform their tenants. I think people have learnt from that that you have some associations within a borough that are very good and others that are not so good. From our point of view, from a local strategic point of view, we would want to be continuing to work with those we think have the right ethos for us rather than those that do not. That goes back to one of the other decisions about how much influence does a local authority have in the future for deciding which housing associations work in their particular area. I think that is one of the areas of concern we have either from an individual borough way and a sub-regional way: the amount of influence a local authority is going to have as to who delivers its social housing stock. Then you add the developer into that and it becomes an even more complex area.

**Donald Hoodless (Group Chief Executive, Circle 33):** Housing associations are not immune from the complexity issue. I did a talk for the London Housing Federation Finance Conference and in doing some work there I found that there were 350 housing associations in London who employ staff, yet the G15 group that I chair probably manages 80% of the affordable housing association stock in London. You have a big head and a very, very, very long tail. The nature of the system is changing as Martin (Cheeseman) has just said with private developers coming in, but there are going to be fewer developing associations. That number is shrinking fairly dramatically and I suspect will continue to shrink over the next few years. Those who are currently developing cannot necessarily assume that they will be preferred partners of the Housing Corporation in the future unless they can demonstrate that they deliver programmes on time and on budget. It is a very much changing position.

**Councillor Hugh Malyan (Chair):** Thank you. I just want to develop that theme a bit more. Murad's (Qureshi) question touched me straightaway as an immediately former Borough Leader, you tend to get used to being able to get things done when you want them in your borough. The one thing I struggled with was a constant stream of complaints either from housing association tenants about their own services or, and in equally as many cases, other residents – be they council or private or whatever – about the behaviour patterns of some housing association tenants over which it seems it had to have got to an extraordinarily poor level and over a considerable period of

time before anything would actually be done. I think that your comment about a big head with a very long tail maybe has some relevance here if that is in the context of some housing associations just having a few here and a few there and a few in this borough and a few in that borough, where there is not a big relationship between the local authority through its housing department or whatever and a particular housing association. It has been incredibly difficult not as the delivery body here but we are now the representatives. We are back to our elected representative role and it has proved extraordinarily difficult to get satisfaction for some local residents in some really absolutely appalling circumstances and some very obviously poor circumstances at times. I wondered if you had any further comments on that sort of relationship, the accountability relationship and the ability for some of the housing associations – and clearly it will apply to some and not to others – but about that ability for local representation to get local accountability as quickly as possible.

**Donald Hoodless (Group Chief Executive, Circle 33):** It is difficult for me to generalise across the 350. There potentially are instances where small associations linking into a local authority at various different levels would probably find it much more difficult than the larger ones who do have teams that deal with anti-social behaviour, who deal with lettings with local authorities and have good working relationships. I suspect that is one of the problems that continues to exist - many housing associations started off and the majority of those are not developing. There are comparatively few developing associations now in London. Therefore one has to ask in the context of a continuing future role they themselves have and that is an issue not for me but more generally. There is public money spent and there needs to be that public accountability about how it is used and how it is managed.

**Councillor Hugh Malyan (Chair):** Did you just say that some are too small? That some do not have the critical mass to be able to apply themselves to those sorts of accountability issues at a local level?

**Donald Hoodless (Group Chief Executive, Circle 33):** Some small associations do extremely well because they are very local and otherwise. If they are small and widespread, it is going to be very difficult for them to link very closely with boroughs. I think it is an issue for boroughs because when I was Chief Executive in Notting Hill, I cannot remember how many associations worked in Kensington and Chelsea but it was a couple of dozen, and they had a pattern of supporting large numbers. It is quite difficult for the local authority to check that it receives the nomination rights it is due when there are so many. As I say, if we are talking about governance and access, housing associations have something to do as well as some of the changes that I suggested in terms of the general governance ones.

**Berwyn Kinsey (Head of London Housing Federation):** I think there is a slight side point to that which Donald (Hoodless) has already alluded to which is that we are starting to talk about housing associations as if they were a homogenous entity and all you had was small and large housing associations and essentially they are all housing the same kinds of people and providing

the same kinds of services. That is not the case. A large proportion of our members, especially the smaller members will be specialist providers who are offering care and support in addition to housing. That is not entirely unconnected to issues around anti-social behaviour. Our members for example are the primary providers of direct hostel accommodation in London and there are significant problems with that client group on anti-social behaviour and they have to be specifically equipped for linking into local police and local anti-social behaviour strategies because of that. They are also providing the new housing for client groups that often are not very welcome in their neighbourhoods whether that is fairly or unfairly. I am talking about people with mental health problems, recovering alcoholics, so on and so forth. The issue is more complex than simply housing associations do not deal with anti-social behaviour. They deal with very diverse and very difficult client groups.

Until very recently, housing associations did not have the same set of legal powers with which to tackle anti-social behaviour as local authorities did so they were reliant to some degree on working in partnership with local authorities for example in terms of discharging anti-social behaviour orders (ASBOs). That is changing now and we are already seeing that housing associations are responding to the challenge of using that legislation and using the new tools that they have available to them and the largest associations in fact have agreed a common approach to anti-social behaviour right across 80% of the stock owned by housing associations in London. Two things that need to be borne in mind: the diversity of the clients and type of associations, and the fact that associations now have the powers to move together and trying to move together in a common fashion which I think answers this point about people doing different things in different ways and inconsistency in terms of outcome.

**Councillor Hugh Malyan (Chair):** Thank you. I think the points were well made in terms of the issues that you are facing from the producer point of view. Nevertheless, there is still a representative customer view coming back and the two are not always completely together it would be fair to say.

**Councillor Edward Lister (ALG):** I just want to stick with that line of questioning for a second longer if I may. Housing associations in their original form were basically small, specialised, and quick on their feet – tenant responsive. Today, RSLs are large, bureaucratic, in many cases bigger than the old direct housing organisations that were there before them. What do the housing associations therefore have to offer?

**Berwyn Kinsey (Head of London Housing Federation):** They are not all large. I would not say that many of them are bureaucratic. Far from all of them are large. If you look at the 400 members of our organisation in London, in fact 320 of those associations are still very small and have fewer than 250 homes in their management. A lot of those small associations I have just touched on are providing specialist services right across the range from alcohol and drugs recovery projects to homelessness hostels that other people are not able to offer. There are smaller, specialist organisations. At a

simplistic level in terms of government, they are simply the most successful Public Private Partnership (PPP) that this Government or any previous government has seen because they are able to lever in huge amounts of private finance to support the development of new housing. If all housing association private borrowing were transferred back to the public sector borrowing requirement (PSBR), we would double the PSBR. They are able to lever in private finance and to secure the levels of new development going forward.

**Councillor Edward Lister (ALG):** Is that the real argument as far as you are concerned? Is that the primary role?

**Berwyn Kinsey (Head of London Housing Federation):** No, there are two arguments there: they are still providing specialist services, they are able to lever in private finance. They are still independent bodies that are able to innovate, be experimental, to move more quickly than perhaps it is possible to move if you are a local authority and subject to the bureaucratic red tape which local authorities are subject to both from within their organisations and from above. I think it is their ability to innovate and be flexible regardless of size, their ability to deliver specialist services, and yes, their role as a public private partnership.

**Councillor Edward Lister (ALG):** One of the things that intrigues me is whether London's tenants are better off under the current arrangements of a mixture of RSLs, Arm's Length Management Organisations (ALMOs), directly managed housing associations and all the other different things that have come out there. Are the tenants better off today than they were a few years ago?

**Berwyn Kinsey (Head of London Housing Federation):** A simple statistic: in every single stock transfer from local authority to housing association, the overall satisfaction of tenants with their homes and their landlord has increased. That says to me that tenants when they transfer from local authorities to housing associations become more satisfied.

**Chris Buss (Director of Housing, London Borough of Wandsworth):** I suppose you have to look at why the stock was transferred in the first place. If you have a stock that by definition is likely only to be transferred because the local authority cannot maintain the property to get decent homes, people are not going to be very happy because the property is not being done. If you suddenly have large sums of money being thrown at it because you have stock transfer to have the property done up, people are going to be happy because they have a new bathroom, they have a new kitchen. Perhaps a more telling picture is where you have local authorities that when they have their vote as part of their options appraisal where you have 92% of the residents and tenants say, 'Thank you very much, local authority, we would like to stay with you and we do not want to become a housing association, we do not want to become an ALMO.'

**Councillor Hugh Malyan (Chair):** That brings me on to Neil (Litherland). Talk us through your experience in Camden.

**Neil Litherland (Director of Housing, London Borough of Camden):** I suppose building on what has just been said, this is not really about people expressing free choices in the way that we do if we walk into John Lewis or Waitrose. It is often strings attached to options and a limited range of options, and when it comes to tenants deciding to choose the council, it is often because they do not really understand the alternatives. I would not read too much in either way as to how people have voted on various stock options. I think it is fairly significant that people tend to be more satisfied afterwards, but then it would be strange if that there were not the case bearing in mind that ALMO stock transfers bring with them significant amounts of money for investment. Before I say something about our experience, I think what is difficult here for providers and RSLs or local authorities is that there are different political drivers. On one hand we talk about diversification and choice and moving away from large, monolithic landlords. On the other, when there are some providers that fall below a standard, there seems to be an instinct to move back to the large local authority provider because you can get an answer fairly quickly. I think it is about using the right levers for the right problem. There is a toolbox for RSLs. It is not that different from local authorities. I suppose in terms of this agenda, if you wanted to get hold of some levers at a regional level in order to do something different with RSLs, you would have to start with the Housing Corporation and the Audit Commission because that is where most of the strategic levers are. If you wanted to go local down to small blocks of an estate, it is very difficult to do other than on a very local level. Speaking as a local authority person with housing strategic responsibilities, I certainly would not like the prospect of local authorities being set up as a kind of inspector or ombudsman for RSLs.

Going to the Camden experience, in terms of Decent Homes we did some stock transfer but very little. The one we did was significantly outside the borough boundaries in Barnet. Various polls and consultation and political processes showed that tenants and lease holders were vehemently against stock transfer. That left us using the Private Finance Initiative (PFI) route on two estates, one of which tenants rejected fairly early on and the other two weeks ago failed to get funding from the Treasury. For the rest of the stock, we were going to deliver Decent Homes through an ALMO. I think we have fairly unique circumstances in Camden: it has been described by one commentator as *Brigadoon* where a combination of local politics, local political culture, local newspaper and a centre of activity of the Brent Council Housing Campaign meant that going for a long consultation period and a ballot presented an opportunity to persuade some people that it was a form of privatisation. Mostly I think it confused people and in some cases bored them to death with debate about ALMOs and PFIs and stock transfers when the real issue for people is the condition of the stock, both in investment terms and in terms of how well it is managed.

To the extent that people perhaps did reject Decent Homes, I think we did learn that Decent Homes as a package did not really connect with people in

Camden. All our polls and anecdotal consultation pointed to community safety being at the top of people's agenda. Kitchens and bathrooms are fairly important but they are not life threatening or life changing. One of the big lessons – though it feels like it might be too late for this – is that if the Government could make the big gesture with proven authorities to provide them with more freedom and flexibility around this investment, we could actually make far better use of public money. We could fit the housing investment around people's priorities. In inner London you are often working in a very complex environment, not only in terms of management complexity with the fact that we have high-density stock, communal areas, lifts, security issues, but also around ownership because we happen to have leaseholders living alongside tenants. It is a very complex management issue and the Government's tools are generally a bit too blunt. I will come back to the fact that I think Camden is in a bit of a unique dilemma in this picture rather than an exemplar.

**Councillor Edward Lister (ALG):** I did want to just touch on the other half of this, which is development. We have been sidetracked into management as opposed to the development side. Who do you feel are the right people to do the development and who do you feel are the right people to coordinate that development? I know we have touched upon this to a certain extent in sub-regional partnerships, but who are the actual developers in your view? Are they housing associations?

**Donald Hoodless (Group Chief Executive, Circle 33):** I would say that we are and should be. I think what is probably less well understood is the quite difficult constraints under which we operate. For example, if you want to provide a new affordable rented home even with a Social Housing Grant (SHG), there will be a capital subsidy of almost £30,000. There is a limit to how many affordable rented homes anyone can do with that level of capital subsidy. This is very inner London and it will vary, but that is the problem. One of my concerns, a quite serious concern about private developers is if that if they can do it cheaper than us, then fine, but having received an SHG, what they will want to do is sell it on to us at the cost that remains after getting the grant. That will be higher than the value to us in terms of what we can borrow on it. There is a real danger in my view that we will have a double subsidy for private developers: a subsidy through SHG from the Housing Corporation, and a subsidy from housing associations from their balance sheet. I think that is unacceptable.

I do think that one of the key issues around governance and regulation is that if the Housing Corporation is a regulator, it should not allow any housing association to take a rented unit from a private developer unless it is at what we call existing use value for social housing which is how much money we can borrow on it, and not pay over the odds for it. It seems to me that is quite a critical issue because what we as housing associations do and work very hard at is to provide as much rented housing as we can against this background of grant rates that are much too low. I think we probably do ourselves a disservice in not saying that more loudly. The consequence of this position is that we are going to face a problem that we will see the

proportion of rented homes that are built as part of the total Approved Development Programme (ADP) declining. We are already seeing it because the shared ownership programmes have been rising significantly. I think in terms of local authorities dealing with homeless standards and temporary accommodation, this is not good news. I do think you ought to be aware that it is not simply who is making the decisions, but that the framework in which we are operating works against us to do more.

**Berwyn Kinsey (Head of London Housing Federation):** Further to that, there is a question at the moment about developers being involved and what we constantly hear is cost: will developers be able to deliver more cheaply than associations are? I think another question is, 'Will they deliver the same product as you get from associations at the moment?' Donald (Hoodless) has already mentioned the fact of the amount of capital that associations put in from their own reserves or what they can borrow on the private market to produce new units. I think what you will get from private developers is the most basic product they can deliver within the guidelines the Corporation issues, simple as that. You will not get anything more. You will not get any more family-sized units than they stipulate. You will not get larger room sizes than are in the scheme of development standards. You will not get landscaped outside spaces, etc. You will get what they can deliver most cheaply and nothing more.

If they are not interested in disposing of them very quickly which I suspect Donald (Hoodless) is right they will be, but almost the worst option is if they decide they are interested in managing them long term because they will want to manage them as cheaply as they possibly can. What we are talking about for private developers is not that they will be regulated and inspected as local authorities and housing associations are but they will be accredited. They will receive a certificate of accreditation from someone they pay to accredit them and they will go away and will not have to reapply for accreditation for a period of time. There will be no ongoing monitoring of the services that they provide. There will be no accountability to anybody apart from the Corporation and that will be via legal contract. The Corporation is talking about entering into legal contract for managing properties with the most litigious industry in the country, the property industry, which is going to be trying to drive the cheapest contracts it possibly can. It seems to me that no one can win, especially when they are trying to manage the most cheaply produced properties they can produce.

The final issue of why I think associations and not private developers should be building and managing new properties is that they do have a social purpose. It is often forgotten that associations were set up especially to build affordable homes and everything else that has come since about entering into the intermediate market and occasionally entering into outright sale to cross-subsidise, is to support that central social purpose. Private developers do not have a social purpose and they will not act as though they have one. They will act as though they have a purpose, which is to make profits, and to make profits to return to their shareholders unlike associations who make surpluses with the return invested in services and new properties.



**Martin Cheeseman (Director of Housing Services, London Borough of Brent):** In one respect, if a developer could produce a unit of accommodation cheaper, with all the caveats that Donald (Hoodless) said, then to some extent you are saying, 'What is the problem with that?' To an extent if that means that within Brent you get two and a half units instead of two then I cannot see any objection to that. I think that though that is a very simple statement, the difficulty of achieving that can be quite high. One of the concerns that I have is that you have the Housing Corporation not from my understanding even from a London base but almost a national base making decisions about what sites are going to be agreed. That quango is accountable to the Office of the Deputy Prime Minister (ODPM) rather than any of the governance or governors of London either at a local authority level or GLA level, and makes those decisions that presumably have to be in line with the strategic London Plan, etc. We are also already having difficulty under the present regime of getting the right size of accommodation where the preponderance is for one- and two-beds and there will be a greater danger of the wrong product being built with much less local involvement, let alone the decision making as to whether it is the right product, etc. The only form of direct influence that the local authority is going to have is in the planning rather than from a housing strategic point of view, and there are limitations to what control you can have from a planning point of view.

**Donald Hoodless (Group Chief Executive, Circle 33):** I think I would agree with that but I would just say that housing associations deeply regret the Government's decision to abandon local authority SHG because it did enable us to work with the local authorities on schemes directly.

**Councillor Steve Hitchens (ALG):** That is fascinating and there are a lot of points there that I am sure we will come back on. Can I start by challenging a few of the assumptions that we seem to be making? The only assumption I want to make is that we will continue with the diversity of provision: we are not going back to all social housing being under the council or anything like that. We have a diversity of provision and I think there is a lot of strength in that. One of the provisions I wanted to challenge was should housing associations be democratically accountable in the way that local authority housing is? It happens in councils because the council is the landlord and that is what strengthens that relationship. The role of councillors now is much more about influence rather than authority and I think one of the things we are looking to have is more democratic accountability possibly in the police, possible in the health service, but that will only be by influence and presence. It will not be by having any direct control and I think that if we as a Commission start by aiming at that, we may not get as far as we would like to get. I think the idea that we want all housing associations to have uniform provision across London when we know that local authorities do not even have that whether it is in the standard of what gets built or the maintenance or any of that, I think I would not want to go down that route. There is an argument for accountability, but not necessarily democratic. If they belong to an ombudsman system, if they have a board of directors, if there are tenant

participation forums that is fine and we should not push too far down that route. That was the first thing.

The second thing... I am surprised Donald did not tell us because I have always been told that Circle 33 is the 32 London boroughs plus the Corporation with a circle round it so London-wide. The other assumption I want to challenge is that the whole of London can just take more affordable housing. We need it; there is no denying the demand and there is no denying that we not only need the housing but we need the people who will work, come and live in that affordable housing. However, if we are also trying to regenerate our local authority areas, then we need people who are going to have higher incomes and spend more money. In Islington 50% of the housing approximately is social housing. Some of it is housing association; some of it is local authority. If I just have more social housing, I am not going to regenerate Islington; because it is very crowded, I am actually going to replace people who are already earning an income with people who are seeking to earn an income rather than are at the moment, so there is an issue around that and there is a conflict there we need to address.

The third conflict I wanted to raise was the one that just came up when we started talking about planning. If we go for the Mayor of London having strategic authority over housing, he is also the backstop on the planning stuff and he will have a conflict of interest one day when he wants to build houses all over part of one of our boroughs at the same time as he is trying to fulfil his strategic London Plan for housing. Somewhere there has to be a check and a balance in that system and I am not sure that the route we are taking at the moment will provide that. That was a word of caution. I think we have the same issues with planning at the moment in all our local authorities. You must all have a view, certainly the housing associations, which local authorities it is easier to get a planning application through than the others. I am not going to ask you to name names.

The other conflict I think is also land values, which were part of that planning application. My view is that land values are increasing the gap between the very deprived and the affluent. Whenever someone who is a homeowner sells his or her house in Islington, someone with greater wealth moves in. It is automatic: the house price has gone up; the land values have gone up. Whenever someone moves out of social housing, whether they have a job or are moving to Croydon or somewhere in Essex or something like that, they tend to be replaced by someone who is more deprived. Therefore, the gap between our communities is widening all the time. I think that is what needs to be addressed if we are going to take a strategic view about housing: some of those conflicts that make London and a bit the South East very, very different. Those are some of the challenges I would like to see what you think about, particularly the role of planning. You are all about providing housing, but do you see the conflicts around loss of green space, the challenges in using brownfield sites and some of the stuff that is beginning to come out of the 'opportunity borough' stuff of which Brent is one I know? We are close to getting GOL funding a boat club to help us with opportunity costs on housing.

**Councillor Hugh Malyan (Chair):** Three or four specific points there. Does anyone want to kick off on any of them? What about the housing association democratic accountability, be that through an existing local authority with a greater influence over, or be it through its own democratic board structure, single-issue board structures, wherever you like.

**Donald Hoodless (Group Chief Executive, Circle 33):** A long time ago and it was a long time ago, I was the Leader of a council. I have never been tempted to be a Director of Housing as a result. I have to say, I do not run a democracy and I have no intention of doing so. However, we do believe we are accountable: accountable for what we do in terms of managing, who we work with whether it is local authorities or Housing Corporation, our tenants, and in particular our lenders. We have a huge loan portfolio, which we have to keep the lenders sweet on as well. I would argue that no, we are not a democracy, we are not pretending to be one and we are not trying to turn us into one. What we have to do is be accountable to all our stakeholders and that is what we work very hard at.

**Councillor Hugh Malyan (Chair):** Is that good enough for you Steve (Hitchins)?

**Councillor Steve Hitchins (ALG):** I think that is it; I think that is what we have to be. In the same way that a Member of Parliament (MP) can write to a Director about the quality of housing in that area, it is because he is the representative of those people, not because he is the landlord. We have to perhaps get used to that.

**Mike Davis (Director of Housing, London Borough of Croydon):** We are not going to achieve that lock-in to local structures, however that accountability is put together, unless there is some very significant rationalisation going back to a point that was made earlier on around the range and number of housing associations. We have 14 in Croydon. I cannot imagine how we could sensibly lock that number of associations with very dispersed stock into our local governance structures.

**Donald Hoodless (Group Chief Executive, Circle 33):** I would agree. I do not think we can defend all of that. I just think that if you are going to be accountable there is a limit to the number of people you can work with and the scale is very small it is very difficult to keep track of it.

**Councillor Hugh Malyan (Chair):** If we used that model of accountability that you outlined and using the idea that the MP writes and something happens because the MP has written, how can we guarantee that happening with the local councillor in the same way?

**Councillor Steve Hitchins (ALG):** There is a different route. Local strategic partnerships, a lot of them do have housing association representatives on them. We always see it one way that the community and voluntary sector network are there representing whatever you want to call everyone out there and the Government are very keen on that. What we do not use are the

connections that all the statutory sector partners have with the voluntary and community networks such as tenant consultation going through the housing associations to actually increase the democratic accountability of the local strategic partnerships. If you can get more influence through those structures then things should happen. That is what is going to happen with local area agreements I am sure.

**Martin Cheeseman (Director of Housing Services, London Borough of Brent):** Coming back to local accountability, there are associations who will respond, understand the need to keep the role of the local democratic elected person and will respond accordingly. There are others, which unfortunately do not, and they do not necessarily fall into the large and small category. I think my concern is that if there are associations within a particular borough who are very positive and understand the local importance of what I have just said but there are others that do not, if the local authority has very little influence on which of those associations gets the next big site for development, then that will be a real problem. You could have associations which for whatever reason are not favoured within the local authority growing bigger whilst others that do understand that and recognise their local connection are ignored.

**Donald Hoodless (Group Chief Executive, Circle 33):** I think this is a difficult area about getting the relationships right. I can give another example of a local authority that ran its own monitoring system for housing associations and I remember we came top in that particular area and then they ran the competition and gave the site to someone from completely outside the area. What logic is there in that? No, it was not you. I would have said so if it had been and you would have known about it. We talk about local authorities but there are different departments and different sections and they are not always joined up. They might say the same about us and it would also be true. There is always this need to try to find. I personally regret this great move to competition we have always had. It is very expensive and it has broken down a lot of long-standing relationships between local authorities and housing associations. I am just old and old fashioned but I actually thought that was a very effective way of working. Everyone had an interest in a continuing relationship. When we went to competition, what was the relationship, what were you saying to us as RSLs? 'Well, if you can win this one, fine. If not, 30 years of work gone.' That was very often forgotten.

**Berwyn Kinsey (Head of London Housing Federation):** There is also something interesting here about this notion of continuous relationship. Speaking as someone who used to be a regulator, one of the key ways in which the Corporation has been thought to have leverage over errant associations in the past is because of its development programme. The deal was you did not get any development cash if the Corporation perceived that you were not any good. Now the Corporation has decided arbitrarily it is going to exclude a whole raft of people who are actually in a lot of instances quite good developers and certainly very good managers because it perceives them to be not big enough, and in London that means having fairly hefty £10 million plus programmes per annum. It is quite big organisations that are

excluded. The consequence of that is how does the Corporation or anyone else – it only has a stick now, and it is a bit of a snapped stick – how does it influence those people to improve? It comes back to this idea that if you want people to improve, it is about encouragement and also having some kind of leverage over them and that leverage is gone. A lot of those associations are feeling pretty aggrieved at the moment because they have been excluded arbitrarily and it will be interesting to see how they react to what they perceive as local government whim. They are being asked to do more and more from different directions without necessarily having any reason to respond to all these external drivers for them.

**Councillor Steve Hitchins (ALG):** Two questions that I think would be really good to hear. First of all, what do all of you consider to be the view that I think we have been tinkering with: the idea that the Housing Corporation's London allocation should go through the Mayor's Office? The second is that there are four Directors of Housing here: how do you develop relationships with housing associations?

**Councillor Hugh Malyan (Chair):** Let us go for the big one of the two first of all, the starting question there.

**Mike Davis (Director of Housing, London Borough of Croydon):** About directing the housing funding for London through the Mayor's Office?

**Councillor Steve Hitchins (ALG):** He is getting the strategy next year. We are talking about the money and he also has the planning side. Where does this all fit?

**Mike Davis (Director of Housing, London Borough of Croydon):** I certainly think that the funding allocation should come through that strategic authority. I think there should be that role; the strategic housing plan for London needs to have the power to allocate funding to enable that authority to do its job properly. I also think that that authority should not be responsible for the operational delivery of those plans. I think that very clearly rests with the local authorities either individually or working together as we do collectively. There are lots of good examples where we have delivered very successfully over a number of years against a range of demands and housing issues working together where we have owned that ourselves and I think that we need to continue to own those issues and develop collective answers on many of them. Certainly in terms of the funding side of things. From a local authority point of view, we have a number of agencies responsible for making those decisions on different funding streams at the moment. The more that we can sink that within one strategic authority within London...

**Councillor Hugh Malyan (Chair):** Any other views on that?

**Mike Davis (Director of Housing, London Borough of Croydon):** I would just make two additions. I think it has to go with a pan-wide London allocations policy. If you are going to go down that route, housing associations have a seat at the board. Local authorities who spend money

have a seat but housing associations do not and I think that is a weakness in the structure.

**Neil Litherland (Director of Housing, London Borough of Camden):** It was a serious proposition and it needs to be modelled but it would be a shame if it happened just on the basis that it is strategic and it is regional and you have to put it somewhere. I think Donald (Hoodless's) point about allocations and mobility is one: what value it would add around the infrastructure, particularly transport, in bringing the housing investment under the Mayor should be developed. I also think there is a question about whether responsibility for homelessness should always remain at a single borough level. It is often the thing that does create a bit of a postcode lottery in terms of the resources available and the different policies that are applied locally around homelessness. It creates tensions between boroughs around importing and exporting and because it has quite a significant impact on general fund budgets, it is enabling political and if going the whole hog was about a genuine pan-London strategy with mobility and trying to break down the barriers that arise from our existing administrative and political structures, I think you need to look a few steps beyond, 'Well, he has planning, give him the money for the new housing full stop.' Perhaps have a whole system look at what a regional housing strategy might look like.

**Chris Buss (Director of Housing, London Borough of Wandsworth):** I have to say I am very, very concerned about the idea that the Mayor and the GLA pick up the additional housing responsibilities that are being proposed for them. Housing was not something that was to be given to the GLA when it was formed in 1999 and I would be very worried if what has happened to a certain extent on something like transport which I have a little bit of experience on happens, in that boroughs' inward investment directed by the Mayor is dependent upon whether he happens to agree with their particular policies. That has happened in transport and I have seen it in a previous role. My fear is that that would happen with housing. If a borough had a particular set of policies that they were executing that the Mayor regardless of his political persuasion did not like, I am sorry, you do not get it. That would worry me at present. There is no doubt that a degree of that happens at present with the allocations but I have a fear it would happen even more so.

**Martin Cheeseman (Director of Housing Services, London Borough of Brent):** The point I would make is that housing is not just about building new properties. It is about the private sector, it is about Decent Homes, it is about homelessness, it is about everything else. Therefore I would endorse what Neil (Litherland) was saying that any look has to look at the thing in total. One of the problems we have at the moment is that going back right to the start we are out of sync. Some things are still done at a local level but resources are allocated on a sub-regional basis. One group has responsible for strategy and another for the overall resources. We need to be able to bring all of those together so it is simpler and it is logical. If we undertake that, and I cannot argue against a person having the strategy also has the resource to allocate that. You cannot just put strategy and then have no responsibility for then

allocating your resources against that otherwise it is too easy. You are let off as far as that is concerned. You have to have everything lined up properly.

**Berwyn Kinsey (Head of London Housing Federation):** I would broadly agree with a lot of what has been said so far. Certainly we have no problem with the GLA and the Mayor having these powers but you do need to put in place some checks and balances. We would like to see the retention of the Board and the Board have overall responsibility for the strategy and for the Board to be representative. You would also need a body to administer this work. The GLA is fundamentally a strategic body and the Corporation for all its flaws – and there are many – has consistently managed to deliver a programme in London and we would need to be very, very mindful of the consequences of getting rid of a body, one of the few in Government that is able to spend the money every year, year in year out and meet its targets, because there are not many of them.

The strongest reason for getting the GLA to take over is that GOL have done such a bad job of having the strategy and having the money. They have represented us very poorly. We talk about conflicts of interest and GOL has the ultimate conflict of interest: to seek to represent London's interests to Government whilst being Government's agents in London. That has been very clear in their complete failure to engage with the debate that we and the ALG and others have been trying to engage in about the amount of the total housing cash nationally that gets spent in London. GOL are essentially paralysed; they cannot do anything about it because one bit of Government would be seen to be arguing with another bit of Government. Yet we need to make the case that we need to get a bigger slice of that national pie and I think the GLA with those powers and the Mayor with those powers would be able to make that case both politically and publicly which is something that GOL simply cannot do.

**Councillor Hugh Malyan (Chair):** That is a Mayor whether in bully pulpit fashion or whatever fashion actually doing what he or she is meant to be doing, which is get out there and fight for the city in a way that we do not believe GOL can.

**Berwyn Kinsey (Head of London Housing Federation):** I think GOL can, I do not necessarily think it is that GOL cannot, but it is the way it is structured. You cannot be Government's agent and then seem to campaign against central government. GOL wanted to set all the targets in the current London housing strategy based on the available resources rather than based on London's needs.

**Murad Qureshi (AM):** I just want to reassure Steve (Hitchins) that I was not arguing for going back to the old ways, just a level playing field between local authorities and housing associations so that residents could see that there was not any difference whichever way they ended up when they were allocated housing through the homelessness unit. I think that is imperative for me personally. Can I just come back to the anxiety expressed by the housing associations about developers? Whilst I understand that, it is not dissimilar to

what local authorities have experienced with capital funding. Are you not really already in bed with developers given that a majority of the development programme is actually delivered through the Section 106 agreements? Is it not disingenuous to suggest that you have a relationship of conflict between developers, because you are already in with them anyway?

**Donald Hoodless (Group Chief Executive, Circle 33):** I do not have a problem with private developers doing it; what I do have a problem with is doing it on different terms to us. It is not a level playing field and there is a great risk of double subsidy in going to private developers, which I think, is unacceptable. If they can do it more cheaply than us and provide good quality accommodation, fine. However, even if they do it more cheaply, they are not going to do it at a price where the rental income will cover management costs and the interest costs on what is left after social housing grant has been paid. It is as simple as that. Are they prepared as we do to subsidise a rented unit in London for up to 10 years? They should not pass that burden back to us if they have received social housing grant. There is a conflict arising that has not arisen before because the Housing Corporation is both regulator and investor, if you like. It has only been with housing associations they manage that internally. Suddenly, it is the manager, investor and regulator for housing associations, and the investor only for private developers. The terms of trade between a developer who has had social housing grant and a housing association has to be of interest to the regulator because as a regulator they should not be allowing the leakage of public money back to a private developer who has already received public money on that property.

**Murad Qureshi (AM):** Just coming back to the set-up for a prospective housing body in the GLA group, I think the relationship between being the planning authority and the strategic funder does stand together. If we look at the issue about delivery and I think that is what we are actually seeing through all the Section 106 planning deals that are done in all the local authorities, in effect all the SHG is lined up with that depending on different local authorities taking different positions on how much and on what terms. Why not more centrally? I think actually on all the sub-regional discussions, the logical conclusion is to be pan-London quite honestly. That is where that one is going and I can see that from here. I am surprised that the housing movement does not see that. I would welcome such a move as I suspect many Members of the Assembly would

**Bob Neill (AM):** I am not sure I quite agree with Murad (Qureshi) all the way on that, just to get that on record. I am interested in the point you made, Chris (Buss). Certainly there is a logic that it is too complicated and you could take bits of the structure out and the Mayor is a regional body and so on, so there is logic there. However, you had some reservations about interfering with the allocations. What are those reservations and what makes you have those concerns?

**Chris Buss (Director of Housing, London Borough of Wandsworth):** On the experience I have had before with dealing with transport, the local authority would prepare their local transport plans, submit it up to the Mayor in



his infancy as it was in the early 2000s, and then you would suddenly find that because what you wanted to do locally for very good reasons agreed by elected members was not then acceptable into the Mayor's great scheme of things, you had your share of the cash cut dramatically because it did not fit in with the Mayor's priorities. My concern would be if a local authority for whatever reason had a different set of housing priorities which fitted them, they had been elected partly on that basis, and were then denied investment cash either directly or more likely these days indirectly because what they wanted to do did not fit into the Mayor's great scheme of things. That is a concern based upon past experience.

**Bob Neill (AM):** In the housing field?

**Chris Buss (Director of Housing, London Borough of Wandsworth):** In transport. It is something that did happen: the Mayor took over the roads and also the whole of the transport investment for London.

**Bob Neill (AM):** Are there any safeguards that could be built in?

**Chris Buss (Director of Housing, London Borough of Wandsworth):** Without having the fun and games that of course happened to the appeal to Ministers of course, which then introduces additional bureaucracy.

**Mike Davis (Director of Housing, London Borough of Croydon):** One of the safeguards you could introduce is to say that local authorities will have more autonomy than they have at the moment about how they allocate their housing resources and housing finance on the ground instead of having it parcelled up for them before it gets to them.

**Chris Buss (Director of Housing, London Borough of Wandsworth):** That is what happened on transport: you were told, 'This is how much you are going to get', and it was deliberately shrunk down because some of the things you wanted to do did not fit in with what the Mayor wanted to do.

**Bob Neill (AM):** Devolution on my terms.

**Chris Buss (Director of Housing, London Borough of Wandsworth):** Yes, you can have it... Unfortunately, on the whole of this you are going to finish up with a potential clash between the local priority and the regional priority. The whole thing is going to come round to that and that will happen if there are moves towards a pan-London lettings or allocations scheme. You will have the same potential clash between what the local authority feels is best for its particular area and what the regional strategic authority thinks for the whole of London.

**Councillor Hugh Malyan (Chair):** Do you not think that this seems to be a very pro local autonomy-type argument and there probably would not be many councillors around this table who have a particular problem with that? Is this a pathway that says, 'Look, whether your experience is from transport or the future we are talking about in terms of housing, that whether it is the

Mayor of London of whatever party or whether it is central government having a big handle on London as has been the more traditional path, that there is no need for a strategic, encasing policy in terms of overall housing needs, in terms of overall transport needs in London that should be able to have some influence on the individual London borough?' Transport of course would be a good case because you are actually talking multi-level there in terms of the need for a wider agency to be able to shift traffic from one end of London or in and out in the morning and all the rest of it so it must have some influence on that individual boroughs, then mixed with the right of the individual borough to have a significant amount of influence and control over local road networks and other things. Do you not see a relationship between those two or do you still stick with the view that 95% of this or 100% of this should be within the remit of the local borough?

**Chris Buss (Director of Housing, London Borough of Wandsworth):**

There are differences between transport and housing. With transport as you quite rightly said, you are actually about moving people about London. Housing you are not necessarily moving people about London, you are trying to house people in London. The key bit though is about where people would wish to go rather than perhaps where somebody would wish to put them. I think that is part of the problem that if the strategic side starts to shall we say get too close to the operational side... Yes, there is a need for somebody to have an overall view and say that within London we are going to need x 100 units or x 1,000 or x 10,000 new units over the next 10, 20, 30 years. However, where they are put and how they are delivered in my view is probably best left at a local level. I am probably in a minority of one on this side of the table on that but that is my personal view.

**Councillor Hugh Malyan (Chair):** I cannot get over the point that if every borough takes the view that it will do something or it will not do something, we could end up having everything or nothing if there is not some sort of balanced picture in this coming from a strategic view.

**Chris Buss (Director of Housing, London Borough of Wandsworth):**

What I am saying is that you do need a strategic overlay but how deep is that overlay? You do need a plan to work within, but that plan could be a thin crust or it could be an extremely thick organising layer that constrains those that are operating underneath. My concern is that you are going to finish up with a thick layer rather than my preference which would be for the thin crust.

**Councillor Steve Hitchins (ALG):** I think Chris (Buss) has made a very sensible point and we should put a bit of context around this. We are arguing from the most over-centralised form of government that there is in the whole of the world and we are trying to move away from Westminster and Whitehall determining everything that happens in our city and our boroughs and we know how much of our funding comes from the centre. To replace what happens at the centre and what happens at GOL with something that happens in this building I think we all see as an improvement because there are democratic accountabilities and we have talked about some of the strategies being accepted by a majority of this authority rather than just the

budget going through on two-thirds, all that sort of stuff. There would be other checks and balances and I think it is right that our witnesses today should remind us of that. On the same point, we should not run away from the idea that there will be tensions and there will be rows and there will be disagreements. That is just what happens and is really healthy if it is done in a democratic environment and I think that we would be astonished if one borough, not necessarily Wandsworth and I am not trying to pick out any particular borough, said, 'Well, that will not necessarily suit us.' I do think that the thing about housing is actually moving people around. Inner London is grossly overcrowded and outer London has more brownfield sites than inner London. I am not saying we should build on the Green Belt and places out in Enfield and Barnet, but they have got opportunities for their own housing that they are now looking at in some quite remarkable ways that we would not have thought possible five or six years ago. I think there is a mood around now to think we can solve this problem. I am not sure we can, but there is a mood to try to address it which I find very encouraging.

**Martin Cheeseman (Director of Housing Services, London Borough of Brent):** Can I talk briefly about the allocations because there is some work going on at the moment between all the groups represented here plus the Housing Corporation and ODPM, etc., about the pan-London approach for lettings. I think it was quite interesting that at the very first meeting we received a very simplistic view from ODPM about the introduction of a pan-London choice and mobility system, firstly not understanding that there is a difference between choice-based lettings and mobility, that they are two different things, and secondly that it was a very complex process introducing anything on a pan-London basis. I do not want to go into the whole detail of the meeting or we will be here until tomorrow morning, but effectively we have reached a stage now where people accept that you can introduce some degree of pan-London as long as you also retain a degree of local allocations as well. It is not either pan-London or local; you can have a mix and match where you can recognise that you need a degree of pan-London movement to get people moving around London especially to where new properties are built, but you also need that local connection as well to ensure that people who have grown up locally and wish to remain locally still have the opportunity of doing so. By actually working together in a degree of partnership and thrashing out some fairly difficult issues, a degree of consensus is starting to emerge on that, although I think there are a few months left before we actually get there.

**Donald Hoodless (Group Chief Executive, Circle 33):** Can I just throw another issue into this debate which is not around governance, but the Mayor is very keen on high densities to get more affordable housing. In terms of us delivering affordable housing, high density means blocks with service charges. It is very expensive to manage high-density housing and also has an impact on families. How much family accommodation are we expecting to provide in inner London, and is it to be at high density? I just think that in terms of regional strategy, the push for high densities has considerable value in many areas but it does have some consequences for poor people who live in high blocks where there is a very substantial management cost, service

charges which are the driver through which we are going. We are finding developers very keen on having the gym and the swimming pool in a development, but when you are letting it at £80, £100 per week to someone who cannot afford that, the extra costs of the gym and the swimming pool and the concierge is something that needs to be taken into account in the delivery and the development of a policy where high densities is the norm and particularly for families as well.

**Councillor Edward Lister (ALG):** I just wanted to come in on a question that Councillor Hitchins placed on the table and I do not think was ever answered and that was the problem of the rich and the poor and the person who goes in the middle, and what we are actually doing for that group in the middle. To some extent we talk about key workers but what is a key worker and what is affordable housing? That then starts to come into all this. Do you have any views on how we can achieve that middle band and what we can do to achieve more of that middle band in London?

**Donald Hoodless (Group Chief Executive, Circle 33):** I think that some of us have argued that we concentrate in this country on need rather than income levels and clearly the poorest who are homeless ought to be housed at affordable rents. Those on a higher income who cannot afford market rent ought to pay a higher rent or buy and part rent. I think one of the issues that ought to be explored more widely is whether we can make definitions around income levels rather than talking about key workers and different needs. I think that would be a way forward, which is worth exploring.

**Berwyn Kinsey (Head of London Housing Federation):** I think it is becoming clear already that the term 'key worker' has far too narrow a focus in simple terms. There is nothing less key about the person who cleans a hospital than there is about the nurse who nurses you; ultimately both will have an impact on your health care. We are starting to find that actually take-up for some of these products is not as high as we thought it was. Despite the fact that we know there is a huge backlog of people who want housing and want to get onto the housing market, there is not that great stampede coming forward for some of the products that Government has invented. I think Government needs to think carefully about whether these are not too complicated for people to understand. You can part-own, part-buy, get an equity loan, soon you will be able to get a social home buy, you can go for intermediate rent, etc. People need simple products that they understand like how much it is going to cost per week, it is going to be subsidised by this amount. There are models elsewhere in the world that are much easier to understand. Some are around subsidised mortgages, some are around enabling people to buy stakes in their own homes but in a much simpler way so they are not paying as much rent, the state picks up the rent on the rest and so on and so forth.

We need to expand the definition of who is a key worker and I think income is a good thing, and also we need to simplify the way in which we help these people in the intermediate market so that people can actually understand the type of contract they are getting into and what it means for them. At the

moment, and teachers are a classic group here, the take up of the biggest equity loan, the up to £100,000 you can get for being what they call super teachers is tiny. The Corporation is going to have to reallocate that cash elsewhere. One of the big stories is because teachers firstly do not understand the product and secondly it is far too risky. Even with a non-equity loan – an equity loan that you are not responsible for paying interest on – you are essentially taking or they perceive you are taking a risk because you are buying a very expensive property. Are we offering the subsidies to people in that middle market in the right way? Are there different ways we can offer it to make it look more attractive to people and crucially, less risky to people? When you are talking about buying a home for £250,000, even if you are just buying a bit of it, if you owe about £17,000 that seems like an awful lot of money that you are taking a risk on.

**Martin Cheeseman (Director of Housing Services, London Borough of Brent):** Can I talk about the group at the bottom end of the market, the homeless and often by definition because homeless, without employment as well, especially if they are in temporary accommodation where due to the funding regimes they have effectively become benefit dependent and therefore cannot work. That becomes an increasing problem especially when you use the Government's definition of sustainable communities and mixed tenure and then associations or other managers will know that we want mixed income levels within our new estate and therefore we effectively want to restrict the numbers of people who are unemployed and therefore maybe homeless. That is a big tension coming along. In some respects the solution is not to get more definitions of who qualifies for housing be it key workers or expanding that, it is looking at the income levels and saying is the solution as much about being able to get those people in reasonable levels of employment and reasonable income levels rather than providing housing, on the basis that I would say that if I managed to double the income levels of people in Brent overnight then I would solve the housing problem. I would probably have to change that definition to triple the income levels with the levels of housing, but some of the crisis we have in respect of housing is because of the difference between income levels and people's ability to buy. If there are effective employment initiatives that start bringing people back into work, especially whilst they are in temporary accommodation, this can be a long-term gain to the housing market. That is easier said than done and I appreciate that.

**Mike Davis (Director of Housing, London Borough of Croydon):** Just to build on that a bit, Chair, and coming back to one of your questions, I do think there is a case for continuing to develop the intermediate market on a more broad-based footing than it is at the moment though I take Martin (Cheeseman's) point about the income side of this equation, but what worries me is that you ask the question, 'How can we develop this more?' Clearly one of the issues is should more resources be put into that market by Government in terms of grant. We have concerns as local authorities around that because we consider that given the level of temporary accommodation across London at the moment, which is about 60,000 households, and growing annually, we should not be diverting the level of resources being diverted away from social

housing at the moment and into particularly the intermediate market. There is a case for that intermediate market; it needs to continue to grow slowly whilst we have the debate about how we should assess eligibility and access to that particular housing market but not in the short term at the expense of the production of social housing or else we are just going to continue... We do not have an answer to that temporary accommodation problem in London at the moment, no one has. There is nothing happening that is going to get us there.

**Neil Litherland (Director of Housing, London Borough of Camden):** I think there is a big debate that is maybe happening nationally at the moment and is very relevant to London which is about the homeless safety net and really the more I look at it the more I think that the more you spend on homelessness the more homelessness you have. If you have a fairly deep and wide safety net that attempts to offer people subsidised accommodation in perpetuity, then they are likely to sit and wait for that. Locally we have been looking at strategies that are about talking to people about options, thinking beyond the next six to twelve months about whether they do want to be in a benefit trap or whether they have aspirations for employment, perhaps looking beyond the local authority sector at private sector accommodation. There is a real challenge here if we are ever going to move away from the polarisation that Councillor Hitchins described which I think is almost built into the system: one system for the poor and another system for people who are upwardly mobile which is to challenge that kind of dependency culture that in a sense is built into the legislation but also is enshrined in the way homelessness in the public sector and voluntary sector has been managed over the years. I think there is a big issue there. I do not know whether if there was stronger regional governance around homelessness that would change. I suppose it would be linked to a long-term vision for London around housing that did reduce dependency, that did have people in it who had aspirations beyond subsidised housing for their lifetime. It would maybe look to channel some of the money that goes into temporary accommodation into more medium-term settled accommodation and gear people towards training and employment so that those who did live on our estates were able to obtain training and we were dealing with that bottom end of the market. It is a fairly big issue that will not by itself be cracked with just some governance arrangements.

**Councillor Hugh Malyan (Chair):** Thank you very much. Can I thank all six of you for coming in and giving us the benefit of your views. Housing alone as you have shown over the last two hours is a fairly complex affair and we are covering a lot of other areas as well in terms of governance arrangements. That has been really useful for us and will help us with our interim report that we will come up with and no doubt also influence the final report that we deliver at the end of this year, so thank you very much.

**5 April 2005**

## **Commission on London Governance: Fifth Hearing**

### **Evidentiary Hearing on Homelessness**

Members of the Commission held an Informal Panel Hearing on homelessness to examine the impact of current London governance arrangements on the ability to deliver an effective housing and homeless service for Londoners.

The Commission heard from the following panellists:

- Mark Grant - Director of Services and Deputy Chief Executive, Broadway
- Rebecca Sycamore - Head Homeless Link's London team
- Martin Cheeseman - Director of Housing, Brent
- Kamal Faizi – Divisional Director, LB Newham

#### **Present:**

London Assembly

Association of London Government

Bob Neill (Deputy Chair, chaired the hearing)

Cllr Cameron Geddes

Damian Hockney

Cllr Steve Hitchens

Murad Qureshi

### **Transcript**

**Bob Neill (Deputy Chair):** Next item, I think, is to go on with the hearing. What I suggest is that each of you briefly introduce yourselves and give a quick two or three minute overview of the organisation that you represent, and then we will continue with the questions.

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** I am Mark Grant. I am the Deputy Chief Executive and Director of Services at Broadway. Broadway is a pan-London homelessness organisation working in 13 boroughs, although we provide services that all of the London boroughs access in one-way or another. That includes running the Combined Homelessness and Information Network (CHAIN), which is the information system, that track all rough sleepers across London, and the Clearing House that allocates accommodation to rough sleepers across London. Both those are funded directly from the Office of the Deputy Prime Minister (ODPM). Our organisation has been going on and off in various guises for around 30 years now. As I say, we work not only at national level but some of our services are very much linked into very local levels so I think

we have a perspective on how London's government works at all the different levels in which it is currently being managed.

**Rebecca Sycamore (Head, Homeless Link's London Team):** I am Rebecca Sycamore. I am Head of Homeless Link's London team. Homeless Link is the national membership organisation for agencies that work in the frontline with homeless people. We have around 500 members in England and Wales. About 120 agencies in London are members of Homeless Link. The London team provides a wide range of support to agencies that are working both across London and in individual boroughs. We ourselves are engaged sub-regionally and across the region influencing strategies.

**Martin Cheeseman (Director of Housing, London Borough of Brent):** Martin Cheeseman, Director of Housing for Brent, a directorate with all the normal responsibilities that a housing department, housing service would have. Brent is the second most ethnically diverse borough in the country and within London. Brent is a borough with a considerable statutory homeless problem and with a large number of families within temporary accommodation, totally about 4,000.

**Kamal Faizi (Divisional Director, Housing Department, London Borough of Newham):** I am Kamal Faizi, Divisional Director in the Housing Department, London Borough of Newham, the most ethnically diverse borough in London. We have very similar problems to Brent: a very large homelessness problem, over 5,000 households in temporary accommodation, some of the largest numbers of presentations of homeless households to the borough. Very different from a lot of other East London boroughs in the sense that we have probably more presentations than most of the other East London boroughs put together in terms of homelessness. A large portfolio; a number of good initiatives in terms of dealing with homeless households and specifically in the questions I would like to pick up on some of that. We also work very closely with the sub-region in terms of homelessness and homelessness initiatives.

**Bob Neill (Deputy Chair):** That is very helpful, thank you. A couple of questions from me and then we will open it up to the members of the panel. I will leave it to you to come in as and how you wish. Just to start off, given our task that we are set by the Assembly and the Association of London Government (ALG), I would be interested to know how do you feel that the current governance structures that we have in London impact on your ability to deliver homeless services? Is it a matter of irrelevance perhaps, or is it something where some bits get in the way or some bits assist or what? Anyone want to venture a view on that, what difference it makes or any changes you might make?

**Martin Cheeseman (Director of Housing, London Borough of Brent):** Do you want me to kick off from a local-authority perspective? I previously talked to you about the overall issue of housing strategy and you could see from that point of view having a London-wide housing strategy could actually make



things simpler and given if you want a guide for each local authority. When you are coming down to homelessness, in your question about the delivery of services that is obviously in some respects quite a way from this sort of strategy. If you have a London Housing Strategy that effectively identifies all of the myriad of issues facing housing as a whole and puts them in context and actually links and interlinks them together – does not see them all as separate entities: homelessness, transfers, private-sector housing – and understands all the links of those, then in some respects you could argue that is all you actually need. Then the delivery of the homelessness services becomes much more of a local issue. I think that can be complicated by the fact that at the moment you have the statutory responsibilities for homelessness based at a local, borough level, whereas the resourcing for the permanent accommodation is more and more put on a sub-regional level. You have those sorts of links so you have a slight mismatch there and I think that possibly needs to be clarified. I think from an individual's point of view, it is probably something where the individuals who come to homeless very much see things more from a local point of view than a sub-regional or regional point of view.

**Bob Neill (Deputy Chair):** If you were going to clarify that issue of the mismatch, how would you do it then?

**Martin Cheeseman (Director of Housing, London Borough of Brent):** Whether governance is the right word or whether the law is something different to governance is something you may want to tease out yourselves, but at the moment you have for instance the law saying that from a statutory point of view you establish a local connection and – without going into all the details – it can be defined very narrowly, where you are looking at the solutions and promoting the solutions for re-housing at least on a permanent basis on a sub-regional or even a regional basis. When you come to talk about pan-London lettings, etc., all that starts to magnify. I think you need to get the legislation and the strategy actually in line.

**Bob Neill (Deputy Chair):** The logic of what you are saying would be that both the legal responsibility and the resources should go where it is actually delivered in practice, should it not? You might actually argue that it goes to the boroughs.

**Martin Cheeseman (Director of Housing, London Borough of Brent):** If you argue on that basis, that is not to say that in certain instances because of the questions of scale and the questions of efficiency, that boroughs cannot link together and work on a sub-regional basis to provide more effective services.

**Kamal Faizi (Divisional Director, Housing Department, London Borough of Newham):** To pick up on that, within the sub-region or within the region I have already alluded to a number of local factors that have a lot of influence on this. The question about governance and homelessness is very difficult to see in isolation because obviously a lot of it has to do with some of the deprivation indexes in certain areas as well as supply and demand issues that

affect different parts of London as well as the overall housing stock and some of the issues within different boroughs. It is amazing. You can go through any part of London: you can get into one area and within a couple of minutes you can be in a very affluent area. I always remember a time when I worked in Tower Hamlets in Stepney where you could be on a council estate in a very high area of deprivation and crime; cross over the road and you were in the Limehouse Basin with yachts and some of the most expensive housing in London, all within a couple of hundred yards of each other.

What we have found specifically in East London is that there are real pockets of deprivation which can be seen as routes into a cycle of homelessness that is very difficult to crack in the sense that where there are new communities or people coming in specifically in the poor-quality private rented sector, you can see a lot of people being recycled through the route of homelessness. It does not necessarily transpire that in other boroughs, surrounding boroughs, they have exactly the same problems. You can be in Redbridge which has probably 5-10% of the homelessness problem that you have in Newham but they are right on our border and how do you explain that? It is very difficult.

In terms of governance, I think for Members in our local authority homelessness is a key priority: it is very important; how do we deal with it, how do we keep people out of bed and breakfast, how do we increase the supply? How do we start dealing with the myriad of legislation that Martin (Cheeseman) has already alluded to that can get more and more complicated and more and more difficult and start meeting our very scarce supply of accommodation that we have, against a need which frankly in a borough like Newham and I am sure it is similar for Brent will never be met – a need that supply will never, ever match, at least in our lifetimes as far as we can see on the projection we have. How do we deal with that? As opposed to governance in other boroughs, which is about how we keep all these people from spilling over into the surrounding boroughs. We would have to procure properties in other boroughs to meet that immediate temporary-accommodation demand. The priority in terms of governance for say the surrounding boroughs will be, 'How do we stop or how do we control all of Newham's homeless coming and living in our borough?' I think in that sense there are some very different governance pressures on officers in terms of dealing with homelessness. Some can be ironed out through the sub-region but there are some real tensions and some real tensions within our own borough where property prices are a lot cheaper, where other boroughs will be thinking about moving their homeless families to. We already have what we would say is our fair share of the homelessness problem in London. So there are some real tensions there.

**Bob Neill (Deputy Chair):** Are they resolvable, or is that the fact that we are going to have?

**Kamal Faizi (Divisional Director, Housing Department, London Borough of Newham):** People who work in the ALG have every kind of policy and protocol in place together with every eventuality you can possibly imagine in terms of...

**Bob Neill (Deputy Chair):** It does not stop the tensions, does it?

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** I think we would want to come in. I think the perspective from a local authority is Martin's (Cheeseman) comment about how if we had a good and effective London-wide housing strategy, it would go a long way to alleviate some of the problems. However, for the client groups that we represent and serve, the local connection is irrelevant. Actually they fail on the first test of whether the local authority has a statutory duty, and by and large the clients that we see are single homeless and they do not. Although they may be vulnerable, they may have very complex and long histories in terms of their support needs, by and large they do not meet the statutory requirement. By their very nature they are transient: they are in temporary accommodation and they move around temporary accommodation.

For us, actually having a coordinated strategy that meets the needs of all Londoners is essential and is sadly lacking and has been sadly lacking. There have been some very good examples where actually a coordinated pan-London approach has actually shown some real dividends and really addressed the problem, a particular issue being the issues of rough sleeping which was led by the ODPM. Clearly that was led by the ODPM because of the high concentrations of rough sleeping in central London boroughs and whatever the difficulties or the problems of getting a local response to deal with those issues. We have a system set up that looks at accommodating rough sleepers because local authorities simply did not recognise them as being in need. Clearly they would be concentrated in the central London boroughs – Camden, Westminster, Kensington & Chelsea, some of the other traditional inner London boroughs – clearly those boroughs could not be expected to take the whole responsibility. Over the last 15 years or so we have created a network of support and housing that gets those individuals out of hostels and off the streets and into long-term, permanent, sustainable housing. We manage the letting part of that as such. That has worked very successfully and numbers on the streets have gone down considerably, both in terms of targeting people on the street but also making sure that people can move through hostels and into permanent accommodation.

We are now in the advent where traditionally that support was always paid for through housing benefit and we have now moved to the Supporting People Agenda, which local authorities now directly control. We are having boroughs now saying that the rough-sleeping accommodation that they have in their boroughs is not strategically relevant to them. People who access it possibly are not of borough of origin. Rough sleepers have borough priorities especially those in outer London, and therefore they are starting to withdraw the support and the funding for support for those individuals. We are going to be in a situation potentially in a few months or a year or so's time where the accommodation to actually move people out of hostels, move them off the street, possibly for people who have come from outer London boroughs and end up coming into central London because of the way the hostels are set up, the way that the support mechanisms are set up, end up coming to central

London, will end up clogging hostels, will end up laying on the street because the original boroughs that they perhaps came from or have some history refuse to accept them as either statutory homeless or have little or no provision for them in terms of meeting those needs. I think that is a classic example where we see single homeless people that do not have a statutory responsibility generally having to move around and the voluntary sector by and large traditionally has always had to pick up their needs and support.

There is no coordination for instance in where the hostel provision across London should be coordinated. It has historically developed; it is concentrated very much in the central London boroughs. Again, that is a catch 22; people are drawn into the central London boroughs because that is where the bulk of the hostel accommodation is. Obviously a borough like Camden or Westminster for instance which have the bulk of hostel accommodation are being very heavily pressured in terms of their Supporting People budget and in terms of making cuts around there and the reallocation formula. We do not see any lead from say some of the outer London boroughs to say, 'Well actually we need to develop a system of first-stage housing to pick up the needs of our single homeless people in the borough. We have enough to deal with in terms of our statutory responsibilities; on single homeless we are not actually monitored effectively. We may have a homeless strategy but we are not monitored directly on the numbers. We may be monitored on our street numbers but again that is not a direct performance indicator for us.' By and large, we are seeing again a going backwards for us in terms of where we have made progress over the last 15 years because we think very much that there is a lack of central coordination across London that picks up these issues and says that London as a whole has to take some responsibility and has to have a coordinated approach to this client group.

Rough sleepers is a particular one in terms of less popular but we are talking persistent drug users, people with long-term alcohol problems, people with perhaps low levels of mental health that do not quite meet the threshold in terms of having statutory intervention but have long-term and prolonged mental health problems obviously making it very difficult for them to sustain long-term housing. These are the client groups that we think are routinely going round the revolving door of homelessness and at some point there needs to be some intervention that says there should be services that are delivered possibly at a local and a sub-regional level. However, we see the only way of actually making that happen is to have some sort of pan-London approach to that to make sure that the system of housing is actually thought through and structured effectively.

**Bob Neill (Deputy Chair):** It might be argued by the boroughs that actually this problem is not just a question that the boroughs are the villains of the piece, in the sense not simply that a lot of the homeless do not originate from a particular borough, but they do not originate from London at all. Is it not essentially a national...?

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** I would be very sympathetic to looking at the boroughs in terms of their needs and as I was just explaining the pressures that they have and I understand... Why put your hand up for more difficulties in housing when you already have a difficulty and pressure on your existing housing stock and the discussions around the shortfall of housing are well known in London? However, it is a historical thing: London has always attracted people and it will always attract people. I think a specific example of that is the rise in the number of people from the European Union (EU) accession countries. We have seen particularly in West London a massive increase in the number of people from Poland and Latvia. Most of them are economically active. Most of them have come across hoping that they will find a better life. Most of them are not particularly economically active in their home countries, have come across and clearly cannot access benefit, cannot access housing. They have started to use our primary homeless services, they have started to turn up in day centres, and they have started to turn up in sort of outreach on the street and those sorts of things. There is little we can do for them. The response has been both at a national level and I think almost at a local borough level – I understand the boroughs' response is, 'If we just keep our heads in the sand then somehow they will disappear, they will get work or they will get into the benefit system.' The reality is they do not. They are starting to drain on health services, they are starting to develop mental health problems, alcohol and substance abuse, they are starting to turn up on the street, they are becoming a criminal justice problem. Classic case where as a London-wide approach I would not expect any borough to have to take responsibility for that, but we do need to think about how we could deal with a particular client group that are drawn to London because of the paved with gold effect. We need to think of some ways we can respond in a more coordinated way in terms of those issues.

**Rebecca Sycamore (Head, Homeless Link's London Team):** I just wanted to add or to broaden the discussion slightly and to think about it from the perspective of an agency, a voluntary sector agency that was trying to work with homeless people. Imagining that they are a medium-sized agency that might be working across two or three or four boroughs through various services, and trying to think about what they are trying to achieve on behalf of their clients. It would be very likely they would need to engage with several teams within individual local boroughs: Supporting People teams, also housing teams. If they are working with people who have any form of health problem they are obviously going to need to be engaging with the Primary Care Trusts (PCTs) and possibly Strategic Health Authorities (SHAs). They may well also be engaging with local Drug and Alcohol Action Teams (DAATs) and trying to lever in services for that group. If they are doing anything around educational training and employment, they might also be engaging with Learning and Skills Councils (LSCs).

We are actually talking about not just the governance that exists around housing and homelessness, we are also talking about the governance that exists around a whole periphery of other associated areas which as we know are not always coterminous, that do not perhaps always talk to each other as

well. At this point you are the voluntary-sector agency that is also trying to provide two or three hostels and perhaps a day centre and some floating support working with people who are in their accommodation. When we are thinking about the nature of the governance and how it affects the delivery of services, it is actually a little bit broader than that, and about how homelessness links up with other areas. From the perspective of the member agencies that I work with, that need to identify what the strategies are that will have the impact on your service delivery and to make sure that you are at the table and that you are in a position to say, 'Well actually we have something to bring to this discussion', is something that is very complex and is something that many of them struggle with the capacity to do which then takes away from the richness of what the strategy is able to offer.

**Martin Cheeseman (Director of Housing, London Borough of Brent):** Can I comment on a bit of what has been said from a local authority point of view? I think firstly, we have just seen in the opening 20 minutes or so here the wide... Homelessness is very complex. At one end you have, if you want, the statutory level, families, which is in number terms the big percentage, the big numbers and big for each individual borough. In that respect in terms of quantum it can more efficiently be dealt with at a local level. You then have the smaller and obviously with the size of London some absolute, quite large numbers of people: the more vulnerable, the single homeless, the groups that Mark (Grant) has been talking about. However, each individual borough may have a relatively small number. To have governance arrangement, which deals with both of those, is actually going to be somewhat difficult. I think to an extent at the moment it is a challenge to the local authorities either individually or through the ALG, etc. I think we are starting to rise to that and if you look from the Supporting People point of view, you are already seeing emerging some sub-regional Supporting People strategies. West London has just agreed to one where you have seven individual boroughs and their members agreeing those strategies and they are tending to look at those cross-borough issues, the groups that Mark (Grant) and Rebecca (Sycamore) have talked about as assessing those priorities. They are saying, 'Look, what we need to deal with on a cross-borough basis are the smaller groups.' In West London, rough sleepers is a relatively small group in any individual borough, the asylum seekers, etc., and you have those particular groups – women fleeing domestic violence, etc., so you are getting that recognition. By working together and obviously using some of the individual Supporting People grant for each borough, you can actually make things work and make sure that those services are maintained and avoid the temptation of saying, 'We will take that off to fund what arguably would be a lower-level priority project in an individual borough.' The ALG as a body has started developing a London-wide Supporting People strategy to try to meet these particular points.

**Murad Qureshi (AM):** Two issues that I am aware of in terms of tensions in the governance structures of homelessness: the first is between central London authorities and local authorities in the outer London boroughs. Essentially, the accusation on the central London front is that because they find it very difficult to accommodate their statutory homeless in temporary

housing in central London, they are exporting their homeless to outer London boroughs. I think there are issues on that which needs to be dealt with not sub-regionally but I think probably pan-London. The reality is that rents in central London are such that it is hideously expensive for us to accommodate all those that we accept as our responsibility, and I have often heard outer London boroughs suggest actually you also have to deal with all the support that is required very often with the families at a local level. I would like to hear some more on that.

The other tension that is quite apparent to me is between the rough sleepers' end and the statutory homeless. I personally think the rough sleepers actually get a lot of attention; the statutory homeless get less exposure. In terms of central government treatments – people like the ODPM, Housing Corporation and all the quangos – have actually looked out in terms of both capital and revenue support, I think proportionally in terms of the numbers are probably getting more funding than...

**Rebecca Sycamore (Head, Homeless Link's London Team):** Sorry. I am just...

**Murad Qureshi (AM):** Can I just finish? This is one of the tensions that I am certainly aware of that for example as a local councillor in a central London authority, I can expect homeless families wherever they are shipped they will come and knock on my door now and again and ask, 'What is happening to my permanent housing?' but I never get a rough sleeper doing that. I think ultimately that is another level of governance I think you should be aware of. It certainly influences my mind on where the priorities should be for me, both as an Assembly Member and also as a local councillor. I just wanted to tease out what your thoughts are on those two tensions.

**Rebecca Sycamore (Head, Homeless Link's London Team):** I just wanted to absolutely clarify with you, because I am quite concerned that you are using two terms – you are using statutory homeless and you are using rough sleepers. Obviously, statutory homeless we understand where that figure arrives at and also rough sleeping we understand that we are talking about people who are sleeping on the streets. You are absolutely right that the number of people who are physically sleeping on the streets in terms of number has gone down over the last few years. However, between that there are also people who are not rough sleepers who are also not statutory homeless who are homeless, and we do not know how many of those there are. We are talking about people who are currently living in hostels who are not included in the statutory homeless figures in many cases; we are talking about single homeless people who might be circling round friends, sleeping on friends' floors, sleeping out for a couple of nights and then going back into accommodation, self-referring into bed and breakfast when they can afford it and moving backwards and forwards through a whole scope of insecure accommodation. It is certainly not true to say that that group have had anywhere near a lion's share of resources. We do not know exactly how many people we are talking about in terms of that.

I do not necessarily disagree with your point about rough sleeping, but I just want to be absolutely clear that there is this whole mass – well, mass is probably an emotive term – there is this whole group of other people who access homeless services sporadically, who drop in and drop out of that who are in effect homeless and remain homeless for great periods of time and only occasionally pop up on peoples' radar, for instance when they become rough sleeping or when they become part of a family or when their age or physical or mental health problems become so great that they then become statutory homeless. I think it is really important that when we talk about the thrust of government policy, we acknowledge that that group has not particularly been at the forefront of government policy and certainly the agencies that I represent feel very strongly that targets around children and families in bed and breakfast and rough sleepers while understandable, have not actually impacted on that group at all. I think it is really important to the scope of this discussion that we acknowledge that we are talking about homeless. We are not talking about people who are not really homeless; we are talking about people who are homeless who have the potential to end up on the streets or in statutory accommodation, but we do not have much at the moment in the way of a policy thrust in order to get that number down. That was what I wanted to flag up with you.

**Kamal Faizi (Divisional Director, Housing Department, London Borough of Newham):** Can I pick up on some of those points because I think that we are talking about homeless people? All us authorities and I am sure Brent is exactly the same have quite a significant proportion of single people in our statutory homeless figures. People who are covered under the vulnerable heading and who have specific issues usually do get picked up. We also had this extra duty recently, a few years, to take on board anyone who is under 16, 17 years old as a statutory homeless which has not had as big an impact as we expected but it does mean that younger single people are also excepted from the statutory figures. There has been more emphasis on families but I would have to say overall that looking in percentage terms, families make up the largest percentage of people that we help. We also need to remember that in our borough at least – I am not sure what other boroughs are like but I am sure they are not very different from us – of all the people who present themselves – and that is mainly families I am talking about now – as homeless to the borough's Homeless Persons' Unit, 50% of the applications are rejected.

Those people are then found for whatever reason – there is a whole myriad of reasons why they are rejected – are found intentionally homeless or not homeless and then are no longer a statutory responsibility of the council. To date, we are yet to see any of those families end up on the street or anywhere else. Few families have ended up under the Children's Act with Social Services, and at one stage we did have up to 25-30 families being helped through our Social Services but that number has also gone down. I think one of the key issues at the moment for us for the governance is to analyse actually – we did a research into what happened to those people – where do they all go? If 50% of them are rejected, where do they all go? Well, they went back to where they were living before and so there were some real



lessons for us in terms of who is homeless: is it a homelessness issue, is it an economic issue, is there an issue of supply and demand? I do not think that homelessness on its own can ever be seen in isolation; there are many other factors that relate to it.

Just to come back to a point that you made in terms of inner London and outer London. Obviously we are very close to inner London but probably classified as an outer London authority, and an authority where there is cheaper accommodation available, rents are lower. One of the things that all of us have been trying to do for a long time is to create sustainable communities whether on own estates, whether we are demolishing property on our own estates and selling off, trying to have some properties for sale, shared ownership, but creating some kind of sustainability. One of the concerns that we have – very similar to the point that was made about a lot of Eastern Europeans who are economically active and arriving into the country and in particular living in the private sector in very small properties that are turning into houses in multiple occupation (HMOs) – is about a sustainability issue and how we can carry on sustaining a very high level of people who are either on benefit or are at the poorer end in terms of other boroughs' homelessness, etc. We have to look at it on a London-wide perspective and if all people who could not afford to be in central London boroughs were moved out towards the outer London boroughs, how are those boroughs ever going to be able to create sustainable communities within their own boroughs? It is about trying to share that burden right across London and I think it is pretty important for all of us to recognise that. I think we have that as a major issue.

Without a doubt, the issues around statutory homeless households and families are the main issues for us and one of the big concerns we have in the sense again of the governance issues is that the problem does not go away, it just shifts around. All the boroughs in London have met their bed and breakfast targets in terms of moving families out of them. We have now moved them into temporary accommodation. If the benefit system changes slightly where the Government is looking to introduce benefit direct to homeless households, if you are a homeless household, you are very poor, and suddenly you get a cheque for £2-3,000 land on your door, are you going to pay your rent or are you going to deal with all the other issues that you have not been able to deal with? There are some real issues there. We could just find ourselves going through this cycle again. For those people who have been around long enough in the homelessness industry – I am not one of them thankfully – people tell me very clearly that it is a cycle. It depends on what policy or what issue comes up whether they are going to cap benefits, put people back into bed and breakfast or whatever – but basically, people are just shifted around in different areas because we just do not have the supply.

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** Just one particular point, a rough sleeper would not bother knocking on your door because you do not have any responsibility and therefore there is nothing you would want to do. That is the reality: the reason the investment has gone into rough sleepers is because by and large local

authorities failed – and I am being very honest here – have increasingly failed to address the issue of rough sleeping. That is why we have the system and why the ODPM intervened obviously for very clear political reasons, and it was the Tory Government in 1990-91 that actually responded to the numbers going up on the street and the initiative has been going on ever since in terms of trying to deal with the issues of street homelessness.

Just to picture, yes we do concentrate on the small numbers that are actually physically sleeping on the street at any one time. We do keep a database of every contact of anybody on the street. Over 2,000 people every year are seen on the streets and they are the people that work with predominantly I think five or six street outreach teams working in very small areas of London, so by no means can that be reflective of the number of people sleeping out any one night in London. I would say that is a very conservative figure. That figure has not changed significantly in the 15 years since we have been monitoring it, so that is a significant number of people. I would say that somewhere along the line strategically we are failing a large group of people – whether they come originally from London or whether they come from outside of London – who are simply not getting what I think is a basic right to have shelter over their head. I think most of us in a country of our wealth and a city of our wealth would acknowledge that that is a basic right that everybody should be afforded.

In terms of this London governance, I think this is the issue of why we need someone to have an overall responsibility for London, because these tensions come up for local authorities and the less popular groups and the tensions that people have in terms of meeting your own political and your own stakeholder needs. With respect, most local authorities are driven by elected politicians and have to respond to their local populations and populate, and many of the people we are talking about here do not necessarily invoke votes for many of you as politicians, and I understand that, but that is the reality that we have. Many of these very vulnerable client groups are not the best neighbours in the world and are not the best contributors to the community in the world, but we cannot ignore them – they are there.

Actually, the amount of wastage and damage that goes because we do not have a coordinated strategy is just immense: the amount of call that a rough sleeper or anybody who is vulnerably housed and is not included in a sustainable community has on things like mental health services, primary care services, acute care services which is more often what they end up using – they end up in walk-in clinics, use accident and emergency (A&E), those sort of things. The cost to London and the cost to local authorities is immense, it really is immense. It is just not good economic sense that we do not have a coordinated response to meet this group that simply wanders around going from one temporary accommodation to another temporary accommodation, going on the street, coming off the street. The cost – let alone the human cost – is just immense and I think the tensions that boroughs have in terms of trying to meet those needs are just too great for one individual borough or boroughs individually to meet. I think there does need to be a strategic response. I think for whatever reasons and whether you agree with it, the

ODPM's input over the last few years around rough sleepers shows that if there is a coordinated response and if there is money put in there if we get down to it that is actually ring-fenced and is actually coordinated to their particular needs, it can have an effect, it can actually meet the needs and can ultimately be more economically efficient, I think, in the long run.

**Bob Neill (Deputy Chair):** Just to take the point, I understand where you are coming from Mark (Grant), but even if it is a London-wide strategy there is going to be an elected politician somewhere. The ODPM has an elected politician.

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** Of course. With respect, an Assembly Member has – I forget what your catchment area is...

**Bob Neill (Deputy Chair):** Or the Mayor.

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** Or the Mayor, but by and large you are not having to deal with the local, more garden, problem of saying, 'Why have you opened up that house down the end of my road for intravenous drug users? It is causing my life absolute chaos. I do not want them here; we do not want them anywhere. Ship them out, take them away.' I do expect that elected politicians are always going to have those tensions, but I think actually as you move further up into your constituents are some of the wider issues. I think one of the powers that the Mayor has – and I am not advocating just the Mayor – but for instance the power of the Mayor has been to override some of the issues around planning consent and those sorts of issues and try to move those things forward. He cannot give planning consent but he can influence that, and looking at the wider London Housing Strategy, I think, is a move forward. Some of the tensions that we face here and it sounds like we are being very confrontational between the local authorities and voluntary sector and that is not the case at all. In fact, completely the other way around: I think we would not be where we were if we had not worked quite so well, but it is a real difficulty for local authorities in trying to meet the range of needs they have and dealing with the difficulty of unpopular client groups and the difficulty of the way that people move across London. People move across London – it is a reality.

**Martin Cheeseman (Director of Housing, London Borough of Brent):** I am not denying the tensions and I think they do really exist. However, I think the local authorities have to have the balls to face up to those quite frankly. That is what – I am an officer, I can say this – politicians are elected to do. I think if it is just that you do something on a London-wide basis because it is further from the constituency, I think that in itself is a dangerous precedent. If that did happen, I think what it would do is create the tension in another direction. Then you would have the Mayor or the GLA trying to impose a planning decision or something else on the local authority so it will come back however we do it. What we have to face up to is that we have real issues here and how we actually deal with them. I think there was a phrase; Kamal (Faizi)

said it, about homelessness being seen to be a burden. In outer London, they do not want people moved there because they are a burden. Why are they a burden as such? Why is a person defined as homeless? It is not a permanent state of existence; it is a state a person happens to be in at a point in time. The reason it becomes a burden is that what is associated with homelessness is associated with benefit dependent, people are not working, they are unstable, all the negative impacts. I think one of the issues we need to be looking at is to say, 'Is the current financing arrangement that we have for statutory homeless and re-housing them on a temporary basis actually a way that encourages that benefit dependency, where we get in most cases reasonable accommodation through private sector leasing but have a funding mechanism where people either have to earn about £40,000 or be benefit dependent to be able to afford to live there?' It is those sorts of issues that we should be addressing, so that when people are picked up and have a roof over their head that does not actually stop them working which the current arrangements do. If we pushed and got Government to address that, that I think would be one of the single steps for dealing with that large group of statutory homeless.

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** I think the housing benefit system which, Kamal (Faizi) outlined is a potential headache and a nightmare, a disaster for all groups of homeless people. If it does get implemented it is an absolute time bomb waiting to explode. The other thing is that I think that again from the people that we represent – single homeless people – often the big issue is that they want permanent housing – and yes they do, they want stable bases. However, when we did some work earlier on this year we asked them what was their priority. 80% said employment – not housing, but employment. Most people see in London that they want to work and they see that an economic route out for them is giving them choice and options, is actually give them employment and they group in theatre of mind if we can actually address those issues, actually getting excluded people back into work or into work and actually give them that level of independence and choice, a lot of the issues we are talking about... People will make choices about whether they want to move out to outer London because the accommodation is cheaper and they will travel because that is their economic choice, or they will make the choice possibly actually to up sticks and move somewhere else. However, if they are completely dependent on the welfare state where they are living, they cannot make any choices.

**Damian Hockney (AM):** I take on board, Mark (Grant), a lot of what you said but one of my points was what Martin (Cheeseman) was saying that the danger is if you remove powers and if you remove the influence over the situation from the local authorities, then what you end up getting is a much bigger problem overall. People become dissatisfied and discontented with a solution that has been found by a cross-London body on this and imposed upon them, and that causes the type of difficulties you get in other areas where that happens. The thing that interested me on this was that you mentioned earlier on – I think it was either Kamal (Faizi) or Martin (Cheeseman) – you mentioned earlier on about the business of groups of

local authorities sort of coming together about it. What is the reason for that happening? There has to be a reason. People will not do it and say, 'I am going to give you something', or, 'I am going to give you something.' There must be some logical reason why these authorities are saying it is worth having a sort of strategy together. I am interested in how that is happening and why. What is the genesis behind it? Do you know?

**Kamal Faizi (Divisional Director, Housing Department, London Borough of Newham):** I will just pick up on that quickly. I think one of the main reasons behind it is because I think a lot of authorities are now recognising that the short-term nature of placing people in different boroughs is no longer short term. We have gone on about temporary accommodation but what is temporary accommodation? We have people in temporary accommodation that have been there for seven, eight, nine years. Actually, if you own your house you are more likely to move every four years and so temporary accommodation is actually more permanent than home ownership if you look at it in that sense. People are realising that. The boroughs are realising that for a lot of these people we are moving around in boroughs, if it is done in a more controlled way or they are aware of the situation then it can be more sustainable and it can add more value to the borough. We need to recognise that is happening, and coming together in that sense and looking for more sustainable solutions is one way forward. Obviously, the funding regime and the way it has been put together in terms of its sub-regional nominations and people now having to work closely together in allowing people cross-borough mobility is also part of that overall equation.

**Damian Hockney (AM):** Money as well, finance as well? That is really at the end of the day the point you are coming to is it not? It is not so much the governance or the way in which it is structured but a) money – always the unfortunate situation where you always want to spend less and get more – but also the fact of how it is used and the definitions of homelessness. Well, answer me this because we are asking you really. Sorry, saying what I think. There is surely – or you might disagree with me – no point in altering the structure if the same thing is going to happen, the same problems are going to be across a whole city rather than just borough by borough?

**Martin Cheeseman (Director of Housing, London Borough of Brent):** If you have the same size cake and that cake is not big enough, then just to alter governance arrangements, you are just giving it to another group of people to slice it up slightly differently.

**Damian Hockney (AM):** How do we deal with that, then?

**Rebecca Sycamore (Head, Homeless Link's London Team):** You have to ask yourself the question if there are issues or if there are cases or if there are groups of people for whom the response would better be coordinated at a sub-regional or indeed a regional level. We are not talking about changing the whole arrangements; we are talking about the exceptions. I think when you start to think about whether there are people for whom actually a service that is provided or is coordinated, or the strategy behind that service is

developed at a regional level, we might be able to say that there are exceptions. I am thinking particularly about the A8 (the eight EU accession states in 2004) nationals that Mark (Grant) was talking about and what we do about them across London. The areas that I am aware of, the local authorities that I am aware of where it is impacting on most are not in the same groupings so they are not necessarily part of those works. I know that they are being seen in Westminster and I know they are also in Hammersmith & Fulham. Both of those boroughs work very closely with other local authorities; they might not necessarily work with each other about rough sleeping and A8 nationals. Also thinking about more of these unpopular groups – so for instance sex workers, people who are ex-offenders who might have drug and alcohol problems as well and their need for services – if you start to think about whether or not actually it might be better to think about the strategy behind developing those services or commissioning those services at a regional level, then it becomes the exception rather than the rule. I would suggest that is one way of looking at it without throwing everything up and saying, 'We will just start again over here', which I agree with you...

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** I do not think I am necessarily advocating that we do take responsibility away from the local authorities, but I think there needs to be some... There is a vacuum; there is no homelessness strategy for London. We have everything else but we do not have a strategy for London. That seems odd. Why do we not have that? Whether that is actually saying, 'Are the boroughs looking at it in a coordinated way?' I completely agree with Martin (Cheeseman) and we would hope that local authorities do actually have the balls to fact their responsibilities, but we know not all of them do. I think we need to see some template that says, 'is that borough actually doing what it is supposed to? Does its homeless strategy stack up?' The ODPM cannot do that.

**Damian Hockney (AM):** Let me ask you this, Mark (Grant): if you had a homelessness strategy for London, fine, what would happen if it was not relevant in one part of London or another? It would have to be surely so vague... I may have this wrong.

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** If it is tied up into the housing strategy and the development strategy, you are asking what happens for example if it is recognised that there is a gap in primary provision for single homeless or even families or whatever client group in say North West London within that region, and the strategy is to increase the services available to those individuals there. That is going to come with development money through the Housing Corporation and the Mayor through the new housing strategy and that has been acknowledged. Then there is a sub-regional approach and the boroughs in the north west region come together and actually look at it and say, 'How are we going to meet this need? There is money available; why do we not commission a hostel for young offenders leaving prison or leaving institutions or preventing young offenders going?' There would be a change for the boroughs, I think, of actually responding to the agenda that is out there. At

the moment there is no acknowledgement that there are parts of London that are not responding to the issues. We have individual homelessness strategies. I doubt if anyone in the room has read all of them – I have not read all of them but I have read a cross-section of them and they are wildly different in terms of equality and approach and their accountability in terms of actually wanting to address the issues.

**Kamal Faizi (Divisional Director, Housing Department, London Borough of Newham):** Certain areas of London have a bigger homelessness problem than others.

**Bob Neill (Deputy Chair):** They should get more money.

**Kamal Faizi (Divisional Director, Housing Department, London Borough of Newham):** There is a different priority.

**Bob Neill (Deputy Chair):** Who should be allocating the money? Should this be done by central government? Should this be done – give the pot to the boroughs and let them decide how they do it? Or should you have the Mayor, the GLA doing it?

**Kamal Faizi (Divisional Director, Housing Department, London Borough of Newham):** Coming back to the point that has been raised about a London-wide strategy, one of the issues is... Let us just say the GLA did have this responsibility, and for expensive boroughs – Kensington & Chelsea, Westminster whatever – they said, 'Look, for every homeless household we house in Kensington & Chelsea and Westminster, we could house 10 in Barking & Dagenham and cost effectively. Actually, we could move all of the homelessness from all of London into Barking & Dagenham and it would save the public purse x amount of money.' Surely one of the fears of the outer London boroughs is that this is completely unsustainable. There should be homeless families in Kensington & Chelsea if they are homeless in Kensington & Chelsea. There should be homeless families in Westminster if they are homeless in Westminster. That is what diverse and sustainable communities are all about. I think that is one of the fears that need to be addressed: if homelessness strategies are economically driven, then we could move all our homeless to Glasgow and save the public purse billions of pounds tomorrow. We have to really seek: what are the priorities? What are we trying to achieve? Is it sustainability, is it making areas where people can live and feel safe, etc., or is it an economic argument? Unfortunately, I would say, that in the past it has mainly been an economic argument and it is one that has not gone away.

**Councillor Steve Hitchins (ALG):** I want to pick up on that last point first because the earlier statistic someone gave was that when they were interviewed, 80% of them were interested in employment. The point about not living in Barking & Dagenham is that it is much harder for them to get a job than it is in Westminster. If we could alter the economic pattern of this country so the north of England was a bit more economically viable than it is at the present in terms of jobs, a lot of those homeless would have homes to go into

tomorrow because there are lots of empty homes. That argument has its strengths and its weaknesses. At the moment, the Government and all other agencies are investing a lot of money in Barking & Dagenham, in the Thames Gateway to build homes, and a proportion of homeless people will end up there one way or another.

I think if we are talking about London, we should not get into a wider argument. I think we are grappling with this issue the same three things we grapple with every other issue and that is delivery which we generally think should be at borough level, coordination which we are not quite sure whether it should be borough or GLA, and strategy. We separate those things out. I think the question that Damian (Hockney) asked, 'Why are these boroughs working together?' I think the thing we should put up our hand and say is, 'Because the Government Office for London (GOL) told us to.' That is the genesis of the sub-regional strategies. By doing it in slices of cake rather than rings, we actually have boroughs that have the different needs and different demands matching. Islington is with Camden and Westminster and Haringey and Barnet and Enfield. There is a mix of political parties that means that none of us agree with each other, especially the ones of the same political hue, and also there is the gap between those that have the land, those that have the money and those that have the homeless. The officers are picking off the politicians, so we are gradually getting there. It is working a lot, lot better than anyone thought it would. That has needed some authority from above and I think Rebecca's (Sycamore) earlier remark about boundaries is not quite as true as it sounds. There is a lot more that is coterminous in London than anywhere else in the country. The DAATs are in the crime reduction partnerships where the borough commander sits in the same boundaries as the council leader. The PCT has the same boundaries. We have to say that is a strength, not a weakness, and make it work. The sixth form college – well, they may spill over a bit, but we are going to solve that anyway on this Commission. That is one of those issues we need to resolve.

I think there is a real opportunity around homelessness. I think that the point that Damian (Hockney) made – and we have all been at the meetings where people said, 'Oh, I do not want a homeless hostel at the end of my street or anything' – I think it is the quality of the decision making rather than the decision you make: the involvement of local people and the problems that they face – people are afraid of change. We all know that – we are afraid of it as well. We are afraid of what is going to happen in the election because we might not be here or something like that. We are all afraid of change. If you could just reassure the public who are going to live there that all the things you want in a well-run hostel are the things that they want in a well-run hostel – there should not be a conflict. The important trick of the politicians is to align the agendas. I always talk about there being three agendas in local government. There is the agenda I was elected on: give the people what they want; there is the Government's agenda, and they after all do give us 80% of the money so they have a right and they are elected as well; and then there is the agenda of the inarticulate and those who cannot speak for themselves and are the most deprived. If you think you can run anything – whether it is a council or the GLA or Government – without those three all being in alignment



and close together, then you are not going to have a successful organisation. The conflict will pull the organisation apart long before the people – it just will not work. I think we have to address that and we have to give each tier the thing to do the job. Martin (Cheeseman's) words about saying local authorities have to face up to this, that is the way an officer needs to work with their Members and say, 'This is what we are going to do, this is how we are going to do it.' You go to the meeting and if you concede on a, b and c, they will give you d, e and f. There is a bit of a game, but the important thing the politicians have to provide is the leadership at each of those levels. What I would like to hear more from you about is where you think the coordination should happen. Do you think it could happen at sub-regional level? Can it happen between cross-borough – I am assuming the West London business was a sub-regional partnership again, was it? The one you referred to in West London that had just started?

**Martin Cheeseman (Director of Housing, London Borough of Brent):** Yes, we have a West London homelessness strategy, which is just emerging, and we have a West London Supporting People strategy which highlights the priority groups which we have already referred to.

**Councillor Steve Hitchens (ALG):** The last thing was that I think that it is the strength of London that we have the diversity, that we do attract people in. When we have had issues with the asylum seekers' camp in Calais, when that was closed down, Sangatte, none of the borough leaders – when we had a leaders' meeting with the Home Office coming to talk to us – none of the borough leaders objected to the people coming into their boroughs because they all knew that if they were given the opportunity they would find jobs, etc. London is desperately short – inner London in particular – desperately short of low-paid employees. The employment is there, it is the people to do the jobs. What we do not have is the infrastructure. Kensington & Chelsea had a whole primary school to fill just overnight, the Home Office denying up until Friday afternoon they were coming, and guess who turned up on Sunday and there is a primary school. It is about the infrastructure and it is about using the strategic view and authority of the GLA to influence Government to give us the resources around infrastructure, which means long-term planning. I think the idea that we should set borough against borough because we have different problems is something that has to be sorted out at borough level by the councils. I think if we can make it work at sub-regional level that would be fine too. I think on the homelessness, we do know about it being demand led; we do know about the overcrowding in inner London existing housing which creates a social tension we need to address; we do know about the problems of land values that make it – I keep saying this at these meetings – every time someone moves out of a house they own, someone richer moves in; every time someone moves out of a council or social housing, someone more disadvantaged moves in so it is pulling us apart. There is the social care agenda but there are also the swings and the roundabouts. For all those people who are deprived and poorly educated and coming from different backgrounds, there are often demands for their employment in the inner city that we need to build on.

I think the last thing is that now – I do not know what you think, Martin (Cheeseman) – but I think there is a great deal more uniformity about what I call – an unfortunate phrase – the gate keeping of the statutory homeless. The old days when people say, ‘Oh yes, so and so was a soft touch’, or ‘I just got off the train at King’s Cross and Camden will always house you’, are long, long gone. Those myths – they were more myths than reality even then – but I think fortunately they have gone. The challenge, I think, is for you to tell us where we do the coordination and how.

**Martin Cheeseman (Director of Housing, London Borough of Brent):**

Picking up the point on the gate keeping, I think there is more universal application of the law in a similar fashion, I suppose. Someone could argue that as negative, but there is also, I think, a lot more sharing of good practice on prevention of homelessness, for example, and coming up with solutions that are genuine solutions in that they either keep or find people a roof over their head. I think that has been a benefit from the sub-regional approach and also, if I am honest, the Homelessness Directorate at the ODPM have made authorities address that particular problem.

The coordination: I think we are already showing that on a practical basis, working together on a sub-regional basis is manageable by local authorities and it is large enough to create some practical advantages in procurement, etc., but not so large as to render it unaccountable from the individual borough point of view. I think that is the area, I would argue, you need to build on that sort of coordination, and therefore focusing things on a sub-regional level would probably be my first point of call I would say. If you went on a straight London-wide basis, I think you will get to the unaccountability. By doing that, you will accentuate the differences between the outer London in one extreme and the inner London right at the other. On a sub-regional you do not. In the west, for example, you get Kensington & Chelsea and Hillingdon working together.

**Bob Neill (Deputy Chair):** Do I sense some agreement on that?

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** Yes, I think in terms of practical reality, that is generally where people live. People do move across London but they do not tend to move from one side of London overnight unless they are really forced to, and generally people do move across. For most people, I do not think the borough boundaries make a great deal of difference. They are not massive. If you live in the middle of a borough, if you live in between Ealing and Hammersmith for instance, along the Uxbridge Road, you do not really know until you cross over the road. It is just not really an issue for you, where you go. You want to know that locally where you live there are services available. I agree and I think that is probably the most cost-effective way procurement-wise, practical in terms of delivering those services.

I do think I would still be looking for a safeguard and I think the example I used at the beginning of those unpopular groups, the rough sleeper groups where we do have sub-regional Supporting People strategies. Those

boroughs that are making decisions that will support around some rough sleepers are part of a sub-regional strategy. That has not safeguarded them making what I think are mistakes in terms of looking at what the wider perspective would be. This will come back for them. There may not be immediate impact for them in terms of numbers sleeping outside their town hall, but ultimately those issues will start to come back and so there does need to be some. Previously that was the ODPM – I do not think it was ever appropriate really that the ODPM took that responsibility for issues like rough sleeping or whether it is a health authority or whatever – but somebody does need to take that responsibility overall to say, ‘Hold on a minute, you are forgetting a group here’, or, ‘What is your strategy regionally about how you are going to deal with this?’, needs to be flagged up. I think we are starting to see the benefits of the sub-regional approach and I think we would be hopeful that it does start to show real benefits.

**Rebecca Sycamore (Head, Homeless Link’s London Team):** I think that Supporting People is a good model of the interaction between the local, strong, emerging sub-regional agenda and also what the ALG is trying to coordinate with the pan-London strategic Supporting People forum, which does bring together representatives from across London. People attend that meeting from each of the sub-regions as well as representatives of the provider sector, and there is an acknowledgement both in the strategy and in the work of that group that there is increasingly some recognition that we need to think about times when we do need to have a regional approach. In terms of a model of that interaction at the coordination, I think it is something that has not arrived overnight. It has emerged over the process of the last couple of years, but we are now getting to a point where do have potentially a strong coordination at borough, sub-regional and regional level with an emerging delineation of, ‘This is a regional thing, this is actually for the sub-regions and they are already doing it very well, and this is what the boroughs do’, and starting to come to that understanding. In this way, we can be really clear about what the regional role is, or what the role is of that strategic forum in potentially protecting those unpopular but very transient groups and making sure that there is a way of saying, ‘Well actually there used to be this many services across London, now there are not any. Is that because the need has gone away or because all the local authorities have decided it is not their priority, and nobody has picked it up sub-regionally?’ I think that is where we are getting to with that.

**Councillor Cameron Geddes (ALG):** I think most of the questions I was going to raise have been brought forward. Are the four speakers really convinced that the answer to the question of who should coordinate is not really London-wide because, as colleagues indicated, that is too remote, and that these sub-regional groups are really the answer? They are not a fudge because local councils do not want to lose power to London-wide, but will not make difficult decisions despite what some of my colleagues have suggested they can do? Is it sustainable? Steve (Hitchins) admitted that GOL were behind the formation of one. Were GOL behind West London as well?

**Martin Cheeseman (Director of Housing, London Borough of Brent):** No. West London met as West London before we even got any allocation of money on the sub-regional basis. Boroughs did actually realise that talking to each other actually helped and their residents did not necessarily, as you say, understand the difference in boundary between one side of the Kilburn High Road and the other, for example.

**Kamal Faizi (Divisional Director, Housing Department, London Borough of Newham):** In East London, we came together on specific issues and some boroughs, not the whole of the sub-region, and the sub-region started working more effectively when the pressure did come on. I think just to answer your point of is it a fudge or is it not a fudge, I think one of key things that we need to be clear about is what we are effectively coordinating. What we are effectively coordinating is the ODPM strategy, and they have a Homelessness Directorate and they often come out with different ideas and different ways of implementing it and many things impact on homelessness. The ODPM's drive for units, number of units, key worker housing, increasing number of first time buyers housing, has an impact on homelessness because the amount of money is limited and our ability to house people is impacted on. If a lot of the money is being diverted into key worker housing or diverted into supporting first-time buyers, it is going to have an impact on how many people can be housed. The issue around overcrowding is one that – in our borough we now have two of the most overcrowded wards in the country – it is a big issue. The issue seen in the opposite way in terms of under-occupation is also a really big issue in terms of how we deal with trying to move people on. I think on the sub-regional basis what would be helpful is to be able to look on the larger scale about how we move people out who are living like the old Chelsea seaside homes and stuff which really had an impact on under occupation where people wanted to move, where it is very difficult to move them out to the areas where they want to be.

The point I was going to make is that one of the things we need to start doing more effectively apart from coordinating some very disparate areas – I think West London is probably more homogenous than East London because we have Havering and Redbridge, which are completely different from, say Newham or Tower Hamlets. It is about coordinating but it is also about influencing the strategy. The Housing Corporation, for example, just recently are now beginning to change the way they allocate grant. In our borough last year in a borough with extreme overcrowding we only let, I think, 15 properties which were four-bedroom plus. We have a waiting list that is now 11 years long. That is because no housing association is building any four-beds because the funding regime does not allow it to happen. Now, the influence that all of us probably have been able to pull on this to start we hope moving that slightly. I have not seen the figures yet but it is that sort of thing we need to actually start using the coordinated power to start influencing some of the strategy, because otherwise we will never be able to deliver anything.

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** The Housing Corporation should not be coordinating London strategy.

**Bob Neill (Deputy Chair):** You would all like the Housing Corporation out of it?

**Councillor Cameron Geddes (ALG):** You are talking of coordinating, talking of influencing, but Mark (Grant) admitted that Supporting People grants have been withdrawn on occasions. Do you not feel that at some point some London-wide – rather, presumably, than ODPM or GOL – some London-wide body needs to come in and say, ‘Look, you have agreed 80-90%, you have dealt with some of the homelessness problems as local councils in a sub-regional way, but certain groups are clearly missing, the groups that you referred to, the ones that are least articulate.’ At what point and who can someone...

**Martin Cheeseman (Director of Housing, London Borough of Brent):** A London-wide body, 32 London boroughs on a London-wide body if they work together and identify that, and the ALG have – to be fair – put together that London-wide Supporting People forum to identify those common issues. I think that is actually recognised and being done. You talked about the coordination and Steve (Hitchins) did his differentiation between the strategy and you have a London Housing Strategy and as I said right at the start, London Housing Strategy deals with all aspects of housing including homelessness. If it in putting its delivery plan forward – and that I know links with the amount of resources that the ODPM give and Government give – it decides to or it is imposed on that it will give more money to key workers then for socially rented housing, then that decision in itself feeds back down to the issues of homelessness and how you actually address that. You cannot segment off homelessness and take it away in isolation from the overall strategy and the overall level of resources that is given to London for the permanent solution of housing.

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** I think ultimately that is the end goal but I think we do have a situation where certain specific client groups have been homed on. The ODPM have taken the lead around homelessness and, for instance, some of the boroughs receive significant amounts directly from the ODPM to address homelessness and – back to the point about rough sleeping, it is not just about rough sleeping – others do not receive anything. As an agency we are in secondary receipt of some of that money so I am maybe shooting myself in the foot a little bit here, but that does not seem particularly strategic. For instance, in West London that was about a good proactive approach from the boroughs, but that does not mean that they are the only West London borough with a rough sleeping problem or potential rough sleeping problem, but they are the only ones – the only two boroughs – that receive probably significant amounts of money. In Brent, for instance, you receive very little I imagine direct from the ODPM around your homeless strategies in comparison to some other boroughs.

**Martin Cheeseman (Director of Housing, London Borough of Brent):** We are medium, I think.

**Bob Neill (Deputy Chair):** I get the impression that there is a feeling that most people want the Housing Corporation out of the equation and the money coming direct. Is there any added value in, say, the money coming from ODPM to the Mayor and the Mayor then dispersing it, or does that simply complicate the equation?

**Kamal Faizi (Divisional Director, Housing Department, London Borough of Newham):** I think on the money issue, the Housing Corporation has an interesting role and they like to play an interesting role. They want now to be allocating a lot of the money on a sub-regional basis, and we are all going through difficult and protracted agreements and nomination protocols and how is it going to work and how are we going to divide everything up between the sub-regions. At the end of the day, I think the key thing is in terms of the strategies we are all delivering – we are doing sub-regional strategies and the London Housing Board is probably even more influential in terms of determining that strategy – what I think we need to see a lot more of is that translation of housing needs and the housing-needs index, etc., into how we allocate a lot more resources. I think there is some move away from that. I think there is a desire. The Corporation is basically interested in the money, they are interested in the units, and they are interested in delivering output. They are not interested necessarily because they are not really close to it in delivering our strategies. I think there is a real tension; there can be a tension in terms of a lot of, ‘If we produce 300 one-bedroom units, that looks good for the Corporation in terms of output’, but it probably does nothing in delivering the housing we want.

**Councillor Steve Hitchins (ALG):** The significant difference on the money is that neither the Housing Corporation nor GOL are going to go to ODPM and fight for London. They are going to say, ‘Thank you very much, Minister.’ The advantage of having the GLA and the Mayor doing that is that they will fight for London. We have a really good example of that with the London Development Agency (LDA), which is the only Regional Development Agency (RDA), which actually has to say yes, or no to any of the things the Department of Trade and Industry (DTI) want that agency to do. With Business Link for example – I know it is not a housing thing but it is an example – with Business Link, the LDA is deciding how it wants to take over Business Link. The other RDAs are just saying, ‘Yes sir, no sir, and three bags full.’ That regional government has a real role in arguing for the resources for our region, which you cannot do at a borough level.

**Bob Neill (Deputy Chair):** Is that the way it strikes you?

**Rebecca Sycamore (Head, Homeless Link’s London Team):** I can see that argument and I think relating it to things that I am familiar with, if you think about the Supporting People allocation, I know that the ALG have been incredibly important in making the case for London in that piece of work and being there. I think in terms of things like how resources are allocated I absolutely do take the point about the need to be someone at the table who will do that. I think it is debatable about who might do that because of other

roles, and the one that I am more familiar with would be the ALG's work – which I know they have worked with the GLA – about Supporting People and that kind of allocation. I think that is quite important. This is not about the money but about the question you asked earlier which is about the strategy and coordinating the strategy, and just to think and flag up for people that elements of things that affect homelessness are beyond housing. Yes, London Housing Strategy and the London housing boards' work is incredibly important and it is fantastic that homeless is so integral to that work. I have read all of the other regional homelessness strategies and homelessness is much more ingrained in the London strategy than it is in most of the others, I would say. It is fantastic, but it is not just about where you live. We talked about employment and the need to resolve homelessness through making sure people have access to employment and yes, it is about making sure that the funding of temporary accommodation does not trap people in a poverty trap, but it is also about linking up opportunities for employment and you cannot do that in the London Housing Strategy. It is about making sure the LSCs have identified funding for homeless people and socially excluded groups in terms of their access. It is about making sure that they understand that some people are coming from so far back in terms of their access to employment that it is no good setting an organisational target of working with somebody and getting them into employment in six months. Those are the kind of things that a coordinated strategy, that top-level stuff is so crucial when it comes to breaking down to what people do on the ground that I think a London homelessness strategy should be trying to deliver.

**Bob Neill (Deputy Chair):** Who should be drawing it up?

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** I think there are some real difficulties. If you look at the risk factors of why somebody would end up on the street, we know that people have been in care, we know people have been in prison, we know people leaving the armed forces, we know all those client groups are there. If you think about actually addressing those in terms of prevention and trying to find some way that a local authority can address all those issues. One person is not going to be leaving care from just one borough and leaving prison – people do not. I do not disagree that a way of meeting the needs of Londoners can be met on a regional basis, but actually planning what Londoners need I think needs to be done on a London-wide basis. I am not going to commit myself to whether it is the GLA or the ALG. Potentially I could be receiving funds from both – I am trying to be a politician here. I think it is so complex at some point. The ODPM tried; they have struggled at certain levels. They have done very well but they struggled because they do not have a direct input. I am not saying either the pan-London groups that are represented here unless they even can do it to that level, but they surely must be able to do it better than Whitehall and they surely must be able to do it better than just one individual borough trying to do that in a piecemeal approach. It does strike me that some of the issues are so complex around social exclusion and obviously homelessness that we do need to have those strategies joined up and we do need to make sure that boroughs are joining up the strategies, that they are not doing things like the example I used

shutting down rough sleepers' accommodation and then have street teams out on the streets looking for rough sleepers. Madness, absolute madness.

**Martin Cheeseman (Director of Housing, London Borough of Brent):** If we talk about resources and we have been quite praising of ODPM about the work they have given us, the resources they have given us and I am not belittling that, but London is getting nearly £20 million next year in grant from ODPM but that is a 10% cut in the budget from last year. The overall cut in the ODPM's budget is 2% so London has taken a disproportionate swig on that than other people. I do not think you would find any housing professional indicating or anyone saying that homelessness is not more prevalent in London than any other part of the country. Somewhere we have not quite got that message across. I think if you want to argue for the cake, we still have a collective voice on that. If you then look at the distribution of who gets the money within individual boroughs, I think it was initially worked through based to an extent on who had the biggest bed and breakfast problems, because that is where the money was resourcing. As Kamal (Faizi) has said, that has in general terms been solved now, and therefore probably the grants at the moment do not necessarily reflect where all the need is so I think there is a challenge there for each of the boroughs to try to work together about a, arguing that the pot should be bigger, but also thinking of a more sensible distribution formula between the boroughs. That I think would be something where you could work through on a practical delivery and coordinating it with the strategy and see whether between us, between the GLA, the ALG and individual boroughs, we can actually work something which is of greatest benefit to London's homelessness.

**Bob Neill (Deputy Chair):** Any other questions that Members want to raise? We have probably touched upon pretty much all the topics that we are interested in.

**Councillor Cameron Geddes (ALG):** Pan-London choice-based lettings?

**Kamal Faizi (Divisional Director, Housing Department, London Borough of Newham):** I think that the choice-based lettings and pan-London issue is something that, so far in the way that it has been put together, we must remember that every London borough – even those that are joined up in the choice-based lettings, and we are joined now with four – still operate slightly different systems, so systems will be different and this is more about mobility rather than need. It is not just about: here is everyone in London who is in need, here are all the units that are available and anyone can apply for them. It is probably more about how we come up with a system that is much more mobile and much more flexible within certain strict quotas than at present. The only way we are ever going to get to this one system in London is if everyone operates exactly the same criteria in terms of determining who should be housed and on what basis they should be found. I still think we are a hell of a long way from that.

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** I think for our client group it is just an irrelevance. If you are in



temporary accommodation, possibly moving around, your ability to access choice-based lettings even if you have a lot of points in terms of priority, by the time you actually access the information... It is great that it is going to go to web-based and those sorts of things, but the reality is that somebody who has alcohol dependency is not going to be able to access the choice-based lettings service and it is not going to disperse people from central London to outer London. It is irrelevant to our clients. I am not saying it is not worthwhile to do.

**Councillor Steve Hitchins (ALG):** Are you really, really sure about that because I think in some areas where it is web-based now big efforts are being made? Clearly, they are not as accessible for that group as it is for other groups, but I think a lot is being done. Hard-to-reach groups are being targeted specifically. I think the one that we are operating in North London was the first Bengali web site and things like that, and the kiosks on the streets are becoming much easier to operate for the choice-based lettings. I think people are trying really, really hard and what I would really prefer you to be doing is to say, 'If you did this it would be more accessible', rather than say, 'It is never going to work.'

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** I think it is back to the major arguments that by and large, our client groups simply do not get enough points to actually reach that point. For them in terms of what they need and what they want, they want to move out of that hostel. In terms of how it is actually going to meet their needs it is unlikely to. Probably that was a little flippant, I am sorry. It is not irrelevant and it will meet needs and I think it is great in terms of how it will open access and give people that flexibility, and if we are talking about economic flexibility clearly it must be one of the key things we can talk about. I think there is a long way to go to make it accessible to everybody and this idea of mobile London, being able to move around, is a long way off. Let us not stop having the dream. It is a good dream.

**Rebecca Sycamore (Head, Homeless Link's London Team):** What I will just add to that is that I think the member agencies that I talk to, some of them are making use of choice-based lettings systems for some of their clients. For many others, as Mark (Grant) says, it is not relevant. I know from some work that has been done around the London Housing Strategy that homeless families when they have talked about choice-based lettings, some of them do have concerns about it and so before we go to the whole choice-based lettings for pan-London it is the way forward I really think it would be useful for people to talk a lot more to the people who have used the system and to gain their views about that – what has worked well about it and what has worked not so well about it. I do not think that is strictly just about the actual accessibility of the system, I think that is about the process itself and I know that there have been some concerns flagged up by homeless families who have been using it or have been trying to use it. I think one of the things I would really like to say about that is that I would like a much more user perspective and some more talking to people who have had the chance to

access it. I know individual boroughs have looked at usage but I think across London that would be really important.

**Mark Grant (Director of Services and Deputy Chief Executive, Broadway):** Can I put that on a wider basis? I think actually – I will take responsibility and say as a provider, we are awful in terms of user involvement and user consultation, probably because we are quite a young organisation, possibly because the nature of our client group does move on quickly, those sorts of things. I do not think we are just awful; I think everyone is awful at talking directly to homeless people, actually talking to them and finding out their needs. I think we all use the excuse possibly that they are not there long enough to actually talk to. That is not necessarily true. We have started to try to do it; we have a long way to go both individually as an agency and the sector. The GLA did some work around the housing strategy and we hosted an event where I think about 50 people turned up and made really valuable comments. I think we do need to be a hell of a lot better. Again, no criticism on all of us, but we do not have a homeless person sitting there saying what their view is in terms of that and I think that is possibly a big fault. I am sure some of the other consultations you have had have included user groups that are much stronger, much more vocal. I think homelessness is poorer for that and our strategic planning or whatever we want to call it is poorer because of that and we do need to improve it I am afraid. We need to get much better at it.

**Martin Cheeseman (Director of Housing, London Borough of Brent):** I think you are going to get some quite good evidence in the Quality Impact Assessment that is currently being done hosted by the GLA on the London Housing Strategy, and it will bring out some quite interesting debates and confirm some of what has been said. Going back to choice-based lettings, you have to remember there are two issues here: there is the issue of the choice-based system which I think – I was a sceptic to start off with – can actually be beneficial and can actually work for all groups; and there is the issue of mobility. This is where you go back to building properties in the Thames Gateway and all this and the assumption about who will move and who will not move. I think that is the real big issue, getting who will move and who will not move and certainly on the choice-based system we have within West London, Locata, which does have a 10% mobility built into it which is well used, the evidence we have would tend to suggest that the groups who take up that offer and move across boundaries tend to be the younger and the single rather than the people with larger families, for quite obvious reasons really.

**Bob Neill (Deputy Chair):** Thank you all very much, it has been a very useful session for us, and quite a lot of material has come out of it. I am very grateful to you all for the time and we will be drawing that all together in our report.

**12<sup>th</sup> April 2006**

## **Commission on London Governance: Sixth Hearing**

The Commission held an evidentiary session to look at whether any changes could be made to the current governance arrangements between the GLA and the boroughs to help promote business.

The Commission put questions to the following panel:

- Irving Yass CB - Director of Policy, London First
- Jo Valentine, Chief Executive, London First
- Jeff Austin, Director, Tribal Consulting
- Geraint Williams, Strategy Manager for BT Education and Local Government

### **Present:**

London Assembly

Association of London Government

Cllr Hugh Malyan (Chair, chaired the hearing)

Cllr Andrew Judge

Bob Neill (Deputy Chair)

Cllr Cameron Geddes

Murad Qureshi (AM)

Cllr Steve Hitchins

Val Shawcross (AM)

## **Transcript**

**Councillor Hugh Malyan (Chair):** This is the sixth evidence hearing of the Commission, which has been set up by the Greater London Assembly (GLA) and the Association of London Government (ALG), to look into governance matters in London, and with a brief to look at the efficiency of the services provided, the quality of those services and the accountability of those services. There are wider issues about things, like borders and such, which this Commission is not looking at, and is concentrating on those issues of quality and efficiency.

Welcome today to members of the business community. We have Irving Yass (CB, Director of Policy, London First), Jo Valentine (Chief Executive, London First), Jeff Austin (Director, Tribal Group) and Geraint Williams (Strategy Manager, BT Education and Local Government). We are grateful to you for coming in today to talk to us and give us the benefit of the experience you have gained across London. We do this in a reasonably informal way. I am conscious also, and colleagues will be conscious, that London First was responsible for the *Who is Responsible for London* document a while ago, which hopefully colleagues have had a chance to re-read, which is very interesting I have to say. It is clearly touching on a number of key points that are already well within the sights of this Commission. Hopefully we can expand on some of those points today, but also on some other points as well.

I would just like to kick off and phrase a question around – *Who is Responsible for London*, and we will branch out from that. I noticed when reading it that one of the key points of the early recommendations was about devolving services and the organisation of them to London. I wondered how much the report, overall, concentrated on that theory of devolving services and matters as far down as is practicable. I felt, overall, it did not say that much about down and beyond the London borough, which may or may not be a fair criticism. I wondered, Jo (Valentine), if you would like to kick off, or anyone else, on the overall context of devolvement in London. Is it just about devolving central Government matters to the GLA, or do you see a much wider picture than that?

**Jo Valentine (Chief Executive, London First):** I will have a go at answering that. I just wondered if you wanted any context of this document, but I will move on.

**Councillor Hugh Malyan (Chair):** That would be helpful, if you wanted to.

**Jo Valentine (Chief Executive, London First):** Should I just give you a very quick summary of what we did? It was actually published in February of last year. It was based on nine expert seminars we held on the following nine which were transport, policing, environment, housing and planning, health, skills, funding and marketing London. For each of those we got a cross-section of stakeholders around the table to discuss those topics. Just to say, in the longer scheme of things, we lobbied for a Mayor some time ago now, and we are delighted that we have a Mayor as the voice for the capital. We see it as an evolutionary process.

The top line of what we concluded and it was a snapshot, as it were, taken last February, was that the current arrangements are not capable of delivering the investment that London needs to sustain its growth. There are too many organisations involved, which will not surprise anyone, I suspect. Central Government has been unwilling to hand over the control of services; boroughs are too small or have insufficient resources to manage some of the services for which they are responsible together with lack of clarity of responsibility in many areas; and we need simpler, clearer, more effective government. That was the top line of what that concluded. I can pass over to Irving (Yass, CB) in a second, to just tell you some of the solutions we came to from that.

To answer your question about devolving services to a local level, our aspiration is to devolve services as close as possible to the customer base. I think where we failed to tackle that is partly because we did not feel we had the expertise in some places. It is also not obvious what structures there are in place to achieve that. I think you have one question on whether you could devolve responsibility to wards; I think that is an aspiration we share. The other side of the coin is whether you have critical mass to deliver effectively, and we would want to see those to go hand in hand, I guess. I will pass over to Irving (Yass, CB).

**Councillor Hugh Malyan (Chair):** Thank you.

**Irving Yass CB (Director of Policy, London First):** There are 41 recommendations, and I am not going to go through all of them. When we published it, it was as a basis for further debate. We certainly did not intend that we had hard-and-fast ideas and had got the right answer on everything. It was intended to be a starting point really, rather than a prescription – so, coming up with some ideas about things that we might do, but really knowing that this debate was going to run for a while, and we wanted to make a contribution to it. Just looking at the basic themes, there is certainly this feeling, as Jo (Valentine) said, that central Government was too much involved in what London does, and in particular with the programmes administered by the Government Office for London (GOL). Do not think that that is simply a case of empire building by GOL. It is really the parent departments, jealously guarding their particular programmes, and wanting a central Government agency to deliver them, rather than hand them over to London. At the same time, you have to accept that a lot of the major decisions about London are going to be taken by central Government. Crossrail, for example, is in the end going to be a central Government decision.

Central Government is not well organised to think about London strategically. GOL is so preoccupied with programme delivery that they do not have time to stand back and really think about the major strategic issues in London, which are the things that perhaps do need to be dealt with at central Government level. The other point under that heading really, is that there is a whole host of agencies, like English Heritage, and the Environment Agency and so on, which are extremely important to London, and have a very important influence on London, but which are not really accountable in any way to London. Therefore, that is a source of concern.

There is the group of issues which do need to be dealt with on a more London-wide basis, such as housing and planning and transport, learning and skills and so on, where you have a number of agencies within London dealing with all of those. You do not necessarily have to have a unified service provider or anything like that, but you do need a level of consistency and cross-London thinking about those services.

On the role of the boroughs, as Jo (Valentine) had said, there was the feeling that with 33 organisations including the Corporation of London, it is difficult to get 33 really effective planning departments, education departments, let alone some of the specialist functions that the authorities have. At the same time, we were not very attracted by what was then the Mayor's view, that we should have complete reorganisation into five super-boroughs or something like that, which would effectively lead to nothing else happening for the next five years whilst people argued about that. The sort of ideas that are floated in the report are boroughs working more closely together in groups, pooling some functions, and working some things out on a sub-regional basis. What we did not look at very much to any great extent, as Jo (Valentine) has remarked on, was devolution down to the sub-borough level.

The fourth thing was about the functioning of the GLA itself. I think the feeling was that if the GLA is to take on additional functions, it needs a more effective delivery process. The executive would need to be strengthened, but at the same time it needs a more effective check on the part of the Assembly. One would need, to some extent, to strengthen the powers of the Assembly as well, if it was to be an effective check to a Mayor with greater powers.

Finally, we came onto the issues of funding, where we floated some ideas in the report. We have since then been thinking about what kind of submission we might make to the Lyons Review, and that at the moment is still a work in progress. I think the thought processes have developed somewhat since we did this report. We have tried to set out some principles that we think should govern the funding arrangements. We have not quite finalised what we will be recommending in terms of new funding sources.

**Councillor Hugh Malyan (Chair):** Okay, thank you. When do you expect to reach it?

**Irving Yass CB (Director of Policy, London First):** In a couple of weeks.

**Councillor Hugh Malyan (Chair):** Irving (Yass, CB), thank you very much. Before I open it up to questions, I was wondering if Jeff (Austin) or Geraint (Williams) wanted to have an opportunity to make a few comments, before responding to questions.

**Geraint Williams (Strategy Manager, BT Education and Local Government):** I would like to say just a few things. The feeling I get is when I talk to other parts of local government and the Office of the Deputy Prime Minister (ODPM) that a lot of the issues that we are going to debate today are obviously being debated elsewhere, so when I look at Gershon (Review of public sector efficiency) and the Comprehensive Performance Assessment (CPA), and it is actually pushing local government into the direction of shared services, rethinking governance and deciding at what level that governance should be. There is a lot of thought gone into this.

I see Cameron (Geddes, ALG) over there and he will know what the New Local Government Network (NLGN) has done in terms of some research into the governance of regional assemblies before the demise of regional assemblies. The thing that always struck me was that there was a lot of ambition and a lot of aspiration, but actually having the capacity to make that change was very, very difficult. I feel that what the Government has put in train, in terms of CPA and Gershon, a direction of travel towards shared services, encouraging London boroughs to rethink the way that they do back-office business, for example.

**Councillor Hugh Malyan (Chair):** Okay, thanks very much.

**Jeff Austin (Director, Tribal Consulting):** I was pleased to read the London First report. I was surprised to agree, at least in overview, with all of the recommendations. I think because London is such a special world city – the

biggest city in terms of its higher national population spend and the fact that it does make so much money is contradicted by the fact that much of that money goes elsewhere. If a single person represented the business community in London, and they knew how little of that money was being reinvested in London itself, they would probably be quite angry. That sense of anger is, I thought, was missing from the London First Report.

Unless the Government's arrangements are changed for London and appropriate infrastructure goes in, there are going to be major problems, with keeping the money here. London is in competition from other global cities and we need to look at the way they manage them, and make planning decisions, and listen to their business community about appropriate investment. There is also this sense of how business, which is creating the wealth, actually influence bodies like this, and the myriad of bodies which Jo (Valentine) and Irving (Yass, CB) have been having dialogue with to produce their paper, and who you work with all the time, and so do I. I think that is a critical component, and all the recommendations that I have seen being developed so far are going towards the right direction in terms of simplification and transparency.

I would like to second Geraint's (Williams) points on Gershon and CPA, and add some thoughts later on the detail of how that is going to work, and how the private sector will interact with the organisations around that. The only way that Gershon can work is through shared services. There will be huge pressure on that. There are all sorts of other intriguing interactions around London, which can be set up such as the Thames Gateway, where we have the Olympic bid, but if the Housing Corporation structured the way they give grants, we can still have a poor community surviving in the East End for another 50 to 100 years. How will these arrangements actually tackle some of the fundamental issues that face London, like winning the international competition for the Olympics, or sorting out the East End at last?

**Councillor Hugh Malyan (Chair):** Thanks very much. Certainly, the last part there, is one of our key questions.

**Bob Neill (Deputy Chair):** That leads me on to the thought that really, unless there is a proper fiscal devolution to London, all the rest is just tinkering, is it not?

**Jeff Austin (Director, Tribal Consulting):** Absolutely. I agree.

**Bob Neill (Deputy Chair):** Does anyone disagree with that?

**Irving Yass CB (Director of Policy, London First):** I think that powers and finance have to go together, and so long as central Government keeps hold of the purse strings, you have not got real devolution. Having said that, there are degrees of central Government control, for example, a five-year settlement for Transport for London (TfL). That is a big step forward, to have an assurance for five-year funding. Whether that will survive next month's election, goodness only knows, and that is the problem, really.

**Bob Neill (Deputy Chair):** Everybody agrees that there ought to be some form of fiscal devolution, some means of capturing the wealth that London generates. Let me put you on the spot and ask – what form should it take? How would you advise we set about it?

**Geraint Williams (Strategy Manager, BT Education and Local Government):** What does devolution actually mean? Irving (Yass, CB) just suggested that it should be accompanied by funding. I actually feel that what is happening with the CPA and Gershon, is to demarcate what the central Government does, and what the regions or the localities do. Let central Government deal with policy. Where is the next level of policy? Well, quite clearly it should be at some sort of regional level. There are all these organisations, different types of organisations that are involved in power. How do they come together, and encourage people to come together - maybe funding is a way to encourage people to do that or give people the powers to raise funding.

I have only a personal view, but from the point of view of BT, I think that we know, for example, that when the National Health Service (NHS) decided to purchase in a different way, because they felt that the improvements in standards were not going as fast as they would like, they changed the way that they procured things. They had a big influence on the market. They came out to the market in a different way, and by doing that, instead of having a lot of small suppliers – and that will be a contentious issue, these are some of the things that could be considered – you have a lot of big suppliers actually managing the market. The view is that by doing that, you will get bigger improvement in outputs.

**Bob Neill (Deputy Chair):** If either London boroughs or the GLA or any of its functional bodies are dependent upon handouts from Government, by way of a grant, at 75-80% of their income, that is the nonsense of devolution, is it not?

**Jeff Austin (Director, Tribal Consulting):** Absolutely. I well remember when it disappeared; the old rating base worked. There was a focus to local authority decision-making, obviously in the realms of appropriate funding regulation, which was quite economic and very sensible. It seized the whole organisation, so people tried to make things work and tried to do things in a timely way, not that they do not now. I think that is real sense, and as politicians you will know that.

**Bob Neill (Deputy Chair):** Hence repatriating the business rate.

**Jeff Austin (Director, Tribal Consulting):** I think that that is obviously a recommendation from Irving (Yass, CB) and Jo's (Valentine) report, which I would go along with.

**Irving Yass CB (Director of Policy, London First):** Sorry, we have not recommended repatriating the business rate. I cannot, as I said just now, say



exactly what we will be recommending because we are just trying to get signed up to some specifics. There are some general principles that we think we have agreed on. One is that people who pay the tax should have an effective voice in setting the tax and what happens to the money. That, of course, is difficult in relation to the business community. When we are talking about potential taxes on business, we have to bear in mind how we are going to try and achieve that.

The second, again, comes from a business perspective – that one should not have variations in local taxation, which could distort trade and business decisions. For example, if you had a sales tax or petrol tax that was very different between London and outside London, you could very easily get serious distortions in where people invest, where people shop, and so on.

The third one is that, if there are new tax-raising powers, they ought to be offset by a reduction in national taxation. Greater local authority taxation power should not mean paying more tax in total. It ought to be a substitute for some elements of national tax.

The final point is in relation to business rates. We have found that our members really value the certainty that the current arrangements give them. There is a Retail Price Index (RPI) cap, and it is not so much that the actual number is predictable but that it is not going to hit them suddenly with an acute increase in costs. Secondly, they have more confidence in the Treasury being concerned about the level of taxation and the level of spending than in local authorities. In particular, how much tax local authorities might try and raise from businesses if they had access to a business tax.

**Bob Neill (Deputy Chair):** It would not simply be thinking in terms of business revenue, but once you have ruled out all those bits, all those caveats, there is not a lot left, really, is there?

**Irving Yass CB (Director of Policy, London First):** One thing which has been a success recently – or so far it has been a success – is Business Improvement Districts (BIDs), where there is evidence that businesses are willing to pay a business tax if they have a real say in how it is raised and what it is spent on. Thus far we have had no objectives.

**Jeff Austin (Director, Tribal Consulting):** The way I was looking at the recommendations in your report was that there is this great wealth for London, which is now passed on. In essence, the issue is passing it through some London body that the business community can influence. The way I was seeing that, was as a whole body rather than as a set of separate boroughs, wherein you would get these different trade-offs. The working assumption of certainty is so critical to business investment.

**Irving Yass CB (Director of Policy, London First):** The only question is how you do it.

**Jeff Austin (Director, Tribal Consulting):** Yes, sure.

**Valerie Shawcross (AM):** I agree with all of those. Can I move onto education or do you want to carry on financial matters for a bit?

**Councillor Hugh Malyan (Chair):** I think we will come back. If you want to go onto another subject, that is fine.

**Valerie Shawcross (AM):** Yes, if I may. I would have expected representatives of the business community to come in and major on the connections between education, training, provision and performance and planning in London, and economic development strategy or an economic plan for London. Although I heard there were references to education scattered through most of what you said, I did not hear a single focus on the analysis. I think Jo (Valentine) said that boroughs were too small to perform some functions. There was reference to partnership working and joint planning, à la London Connects, which may or may not relate to education.

I think it would be very interesting if you have a sort of totality analysis of how education and training provision in London connects with the Economic Development Regeneration Planning Agenda, and what works and what does not work. I do not think we are necessarily looking for structural solutions but obviously we are looking at structures, and what works and what does not, and whether or not they need bolstering or whatever, taken up by the fact that Learning and Skills Councils (LSCs) seem a bit lost in space. They seem to me to neither connect well enough to the local authorities in their areas, nor upwardly to the pan-London organisations like the London Development Agency (LDA) that are doing economic planning and so forth. Do you have any commentaries on how education and training works in London in relation to the business sector, and what you would like to get your hands around and strangle, and mould and improve?

**Geraint Williams (Strategy Manager, BT Education and Local Government):** I think the Department for Education and Skills (DfES)...

**Valerie Shawcross (AM):** Is that the hands around the neck?

**Geraint Williams (Strategy Manager, BT Education and Local Government):** I mean if you look at children's services, higher education, LSCs – basically further education – they are trying to join those together, but basically they are silos. When we were talking earlier about funding, if funding comes down in silos, and it has actually, I think, forced a lot of authorities to set up local education partnerships, of which there are several in London. I think one of the aims there is obviously to bring together the LSCs and the compulsory education sector, and see if there is some economy of scale to get out of that. The big problem there, of course, is that schools would now be funded in a totally transparent way, and there will be less accountability, if you like, because at least there was some accountability through local education authorities. I almost think it is absolutely necessary to have some sort of partnership to actually bring together these disparate fundings in order to get some decent sense of value, and some proper

accountability out of it. I think people are forced in that direction. If you have things like Building Schools for the Future, which is going on at the moment, that forces people into partnerships because in actual fact some further education colleges could do some of their stuff in schools, and schools could do some of their stuff in further education colleges, so there is that kind of duality. I am very interested in what direction that is going to go, and children's services, because they are both examples of sharing services and breaking down some of these funding barriers. I find that quite interesting. My wife is a teacher in Ealing, and she is totally oblivious to these interlinkings. That is one of the issues.

**Valerie Shawcross (AM):** I was going to say, is that not the issue that if the schools are forced into developing partnership structures themselves, that is a sort of tax on them, is it not? I mean, that they have to develop an infrastructure within which they can collaborate. Do we need some better facilitation of these partnerships?

**Geraint Williams (Strategy Manager, BT Education and Local Government):** Well, no question. You would not start from here. However, the fact is we are where we are, we have a history of the type of funding that we have, the structures that we have; it is all brown field.

**Valerie Shawcross (AM):** Just before you move on, what about this thing about the linkage between our London-wide economic development and the training and education agenda in London? Do you think that they are talking to each other at all? Do you think that the LSCs know what the LDA is doing and vice versa?

**Geraint Williams (Strategy Manager, BT Education and Local Government):** The evidence I have is that there are agencies that have been set up to facilitate that. However, I do not actually think that it works that well. Nevertheless, you have to defend it in the sense that it is generally new to the sector. Skills agencies, for example, have links with the industrial sector. In our industry, information and communications technology (ICT), there is a sector skills agency and we have a need for a lot more capable, trained people in this area. I think that in the past, because BT was a very large company, it basically trained all the telecoms engineers in the UK and probably in the world, to a certain extent. However, that has gone; it is a more competitive market. The links between what we do and sector skills in schools do not work very well. The structures have been put in place. We think it is very important, so from our side we have corporate social responsibility focused on two things – environment and education. Our Chief Executive is on the apprenticeship taskforce. We see all that as very important. However, you might actually say that the system is failing. There is a lot of investment being put in on both sides, so as you say, tax on schools, tax on business, and maybe it could work a bit better. The link between education, skills and economic regeneration probably could work better.

**Jeff Austin (Director, Tribal Consulting):** Sorry, just a couple of quick thoughts. Firstly, the trend towards London's workforce becoming less skilled and lower levels of qualifications being achieved within the workforce are dramatic and difficult issues to tackle, given the available position. The failure rates for minority ethnic males are disgraceful. I think the issue in the plan was around minority ethnic males going into self-employment, which is one of the hardest you can do and very entrepreneurial.

I think there is some unpicking to do in this whole area of how we are training, what secondary schools are actually achieving, and chances. In some sense, this leads us onto the LSCs, and further education and higher education. You know, picking up on these issues that have not been dealt with the billions that have gone into secondary education. Any process that does not actually tackle these failure rates head on is obviously not getting anywhere with the equity issue, and not dealing with the labour market issue. The other point I would raise is raised by Professor Ian Gordon at the London School of Economics (LSE), one of Tony Travers's (Director, Greater London Group, London School of Economics) chums, in his article, *Moving on Down the Bus*. One of the issues for the London labour market is actually training people already in the market, not those coming into it or those outside it. I see no real grip and grasp on this – the link between industry, the LSCs and the Regional Development Agency (RDA).

**Councillor Hugh Malyan (Chair):** Okay, thanks.

**Murad Qureshi (AM):** Thank you, Hugh (Malyan). It just occurred to me, while we are still on the education, skill and training of the London labour force, whether you envisage in the future, the BIDs going into this arena. It is quite clear to me that at the moment, our mandate seems to be environmental improvements and Closed Circuit Television (CCTV). However, the logical area, given the nature of businesses' concerns, would be training labour, as well, in defined areas. I mean, it would give you more control, given that business seems to be forever complaining about the quality of students or whatever coming through. Is that something you would want to see in the future? Can you see BIDs being based on that?

**Geraint Williams (Strategy Manager, BT Education and Local Government):** Well, I suppose yes. I think this is a very interesting issue actually, because the public sector has lots of purchasing power. If you aggregate it, I do not know of the exact figures in London, but over the country it is £100 billion. You can either go for a complete step change or an incremental one; you can go and get costs versus quality, and then you have value for money, and local businesses. It depends very much on the policy of the locality.

How do you actually support small and mid-sized enterprises (SMEs)? I think this is the question you are asking me? How do you support SMEs at the same time as getting value for money through economies of scale? I think that is a real challenge for London. I think one of the ways of doing that, of course, is to procure in a particular way. If you procure with public value as

one of the determinants – looking at the environment, SMEs, local jobs, that kind of thing, and people do come out to tender, and the local authorities do come out to tender in that way, and I am sure that this does happen in London as well, then that can change the nature of a locality.

**Irving Yass CB (Director of Policy, London First):** In response to a point about BIDs, personally I would think it is unlikely that they would become customers, as it were, for training. Partly because BIDs, as they are at the moment, cover very limited areas but they are drawing labour from a very wide area. It would be very difficult for new West End companies, say, to concentrate on a particular area in which to generate training. The other point is that the LSCs in London do have a budget of £1.4 billion a year and I think businesses would want to make sure that that money was being used really effectively before contributing something extra. However, there is scope for local initiatives. I came across a very interesting one, for example, in Tower Hamlets, where the council were talking to TfL about laying on some extra bus services. They were told it would not be possible because there was a shortage of bus drivers; even if there was the funding to pay for those services, they would not be able to get enough bus drivers to run the extra services. The local authorities said, ‘Wait a minute, we have lots of unemployed people in the borough, why can’t they be trained as bus drivers?’ They set up a training programme with a local further education college and the bus company to train local people to become bus drivers. That really worked. What is probably lacking in the current structure of the LSC, which does work in silos as Geraint (Williams) said is the difficulty of getting that kind of customer/contract initiative going in any kind of organised way.

**Murad Qureshi (AM):** Just coming back on that, I think it could possibly work if there are defined areas. I think what you find with the concentration of BIDs in central London are that they are next door to localities or wards which actually have a lot of social deprivation. If businesses are not happy with what they are getting, maybe they would be happier with having the process under their control. Whilst I appreciate your points about the LSCs, this may be a way around that whilst we get on top of that agenda. The other issue, which has often struck me –it is to do with London’s status as a world city and education –, is the status of language teaching? I think we get away with the arrogance of assuming the rest of the world knows English, and I think it is actually our Achilles’ heel. I think we would probably be better off if we did give some value to second languages, whether they are European, mother tongues or whatever. I think it makes it more likely that businessmen from abroad will come and do business with us if they felt comfortable. I think that is going to be our role anyway, in the future of Europe. I just wanted to know what big business views are on that front. Can we, for example, ignore it at our peril, or could it actually help us? I feel we actually give a lot of lip service to the fact that 300-odd languages are spoken in London.

**Geraint Williams (Strategy Manager, BT Education and Local Government):** I think the simple answer is ignore it at your peril. Our Chief Executive is Dutch; our ex-Chief Executive was French. It is very much a European market for us. The big American companies I know tend to recruit

people who have some English. Often the language of meetings is English. However, you cannot have that with a customer, for example. You have to have those language skills, so it is a combination of things.

**Irving Yass CB (Director of Policy, London First):** I think we all agree that language teaching has to be a very important part of the business equipment, as it were, for the future. However, I would not say that it is London's Achilles' heel, just because of the number of native speakers of foreign languages in London. I recall that Air France, for instance, decided to site their European call centre in London because it was easier to recruit overseas language speakers in London than anywhere else in Europe just because of the sheer diversity of London's population. I think it is one of our strengths at the moment. Although that does not detract from the need to make sure that those who are born and brought up speaking English learn other languages as well.

**Councillor Hugh Malyan (Chair):** Okay, thank you. Andrew (Councillor Andrew Judge, ALG), did you want a turn?

**Councillor Andrew Judge (ALG):** Yes. As a local politician I have often sensed it is difficult to get the engagement of local businesses in local governance issues. It might be the Local Strategic Partnership (LSP) or some more informal partnership. I just wondered if you would like to comment on that in the light of your recommendation for local education partnerships and the like.

**Jo Valentine (Chief Executive, London First):** There is some confusion about getting businesses involved in the governance of things that are essentially public policy. If you take the local LSCs and you put business people on the board, one is at least half expecting them to be there to do the governance of the arrangement, rather than to have any influence on the customer-focused funding, which a lot of the time they are very frustrated by in that position. I think if you look at LSPs, for instance, that confusion exists there. Are those businesses there to help the public sector with the governance, or are they there to actually there to bring some business acumen or whatever to the party? I have already had this conversation with Hugh (Malyan). The important thing, it seems to me, is that local authorities and businesses have working relationships outside any sort of formal arrangement, and genuinely want to work with each other and understand how the other one ticks.

I am not sure that in most boroughs, LSPs are very business-friendly vehicles, because they are typically focused on crime and health – with all the public sector agencies sitting around trying to coordinate their spending patterns. However, that has very little to do with what resonates with the business people who will be sitting on that partnership. There needs to be some common objectives, or common understanding, before you start going down the LSP track.

The other problem, I think, with London is that the boroughs do not map onto the business activity very effectively. If you take BT, they have national, global interests. The sense in which they identify with a borough, and Geraint (Williams) can respond to this, is quite difficult. The two do not map onto each other, ditto Morgan Stanley or whatever. I think there are some structural difficulties as well as some relationship issues there.

**Jeff Austin (Director, Tribal Consulting):** Tribal has obviously got some of those partnerships. Some of them are voluntary and some of them have been through intervention. With the intervention, our parent's group, partners in North London, moves an authority from a seven on its Office for Standards in Education (Ofsted) score to a four, which is quite a result. Obviously there was very low trust, and a bit of low morale at the start of that process. I think partnerships where trust is there at the start, and the authority is choosing the partner, have a better chance to deliver the right results.

**Councillor Andrew Judge (ALG):** There seems to be an assumption in your paper in favour of London-wide organisation, and an assumption against borough organisation, that boroughs lead to inefficiency because there are far too many of them. That seems to be implicit in the London First paper, but I wonder if we are actually seeking to tailor services to local neighbourhoods and to local business communities, whether there is not great merit in organising services and business support at that local level, and in many cases the boroughs have actually developed a strong ethos in terms of service to their local business community that might be lost if we place far more emphasis on what the Mayor does, and what the GLA does, and the LDA, and less on the local boroughs.

**Jo Valentine (Chief Executive, London First):** I think it depends on what issues and what businesses. I mean, if you are looking at the crossroad and you are looking at global businesses, that is one thing. When you are looking at a smaller business in the East End, and you are looking at local access roads, then that is a different thing. There are different issues to tackle at different levels. I suspect there is a focus in that paper on the pan-London, because we were specifically looking at the Mayor's structure coming into London and taking some of those strategic positions. Therefore, there probably is a bias in favour of pan-London activity. As I think I said at the outset, our aspiration was to devolve things to the most local level that is of relevance to whatever the issue is.

**Councillor Andrew Judge (ALG):** Can I ask about the burden of business rates and the council tax? It seems to have shifted in favour of business, quite markedly over the last decade or so, so that there is now a greater burden on the residential council tax payer, and a lesser proportionate burden on business. Is there not an argument for increasing the level of taxes that businesses pay? If there is such, should we not be looking at some statutory framework of consultation, so that business engages in considering the higher levels of taxation, what the money will be spent on, how it will support business activity, perhaps aiming at some kind of consensus?

**Councillor Hugh Malyan (Chair):** We have touched on some of those points earlier, but obviously there is a very specific point there about whether businesses have been having it a bit easy over the last few years. Is it time for a readjustment?

**Irving Yass CB (Director of Policy, London First):** Yes, because of the RPI cap on business rates they have not increased as much, for example, as council tax has. It is obviously a difficult argument to put to businesses, that they have had it easy up to now, because that is not how they see it. I mean, revaluations complicate the picture, which means you have had your ups and your downs. If you take the current revaluation where retailers in central London are facing something like a 30% increase in business rates, it is very difficult to tell them that they have had it easy up to now.

The other issue is one of competitiveness. I think we need more information on that actually; it is something that we are trying to get some more data on, because what we are very conscious of, is that London is competing in an international marketplace, and so we need to look at the overall cost base for businesses in London and how that compares. We do know that, for example, office costs in London are very high by international standards. Businesses are facing very high occupation costs compared with people in other cities. Of course they are very often multinational businesses who know very well, because they have offices in the other cities, and it is one of the factors they will take into account when they are deciding where to locate a new facility or expand. It is not a simple issue. We do need to look at the overall cost structures and competitiveness with business, in looking at what is, if you like, a fair or reasonable contribution.

**Councillor Hugh Malyan (Chair):** Okay, Irving (Yass, CB), thank you.

**Jeff Austin (Director, Tribal Consulting):** Just moving on from that I am going to go back to Geraint's (Williams) point about Gershon and CPA. Tony Atkinson (Chair, Atkinson Review of the Measurement of Government Output, Office for National Statistics) produced a report at the end of January, and found it very difficult to understand value-for-money issues in the public sector. We know it is tricky. We know there is a requirement for 7.5% savings, and some of the £25 billion that has been given as extra to the public sector is going to be clawed back in this process. It comes back to simple things, like when you are trying to do a scheme to improve a regeneration area next to a river, and you say, 'We would like you to pay more for your refuse collection service.' The businesses quite rightly say, 'Well, tell us what the current service is and what we get for it, and then we will be able to make a judgement about what the extra is.' This is a tough nut to crack. The opportunities to find places where you can define it, I think, will be clearly the places where you can ask for more, because people can see where the money is going. I think that in aspects there, where there are shared service activities, and people are looking at costs, are viewing them together, and there is a review, there is an opportunity to think about how that payback can be supported.



**Councillor Hugh Malyan (Chair):** Thank you.

**Valerie Shawcross (AM):** Can I just question what Irving (Yass, CB) was saying about the high costs of having a property and running a business in London? Surely what you are saying there is that the premium value in London – that the profit is being made on developers owning properties and leasing them off. You are suggesting that is offset against the council tax, and because you are paying high rents in London, you should not therefore also be paying high rates. Is that what you are saying?

**Irving Yass CB (Director of Policy, London First):** Well no, not quite. I mean, the fact that the rent levels are high actually means that would be reflected actually in rateable values, and the rates that are being paid. That is something which is, I mean, when we are looking at the contribution of business rates to local government finance, all those numbers are national.

**Valerie Shawcross (AM):** Surely if the rates proportionally were a higher part of that cost, the private sector would have to reduce its private charge and profit. That would be a balancing act – the market could only bear so much, therefore the private rents being charged would go down and there would be an adjustment.

**Irving Yass CB (Director of Policy, London First):** It is quite right that the economic theory, in a perfect market, is that if you have to pay a higher business rate as an occupation cost, that would affect the rent that the companies would be willing to pay to the landowner. At the end of the day, it would be the landowner who would be bearing the charges, not the occupier. However, of course, as (John Maynard) Keynes (economist) famously said, 'In the long run, we are all dead.' It is the adjustment process that is the problem – how you get to that new equilibrium.

**Valerie Shawcross (AM):** Some of the argument here seems to be about what additional costs, or what growth in the rates charged on businesses could be made. There has not been a discussion about the opposite process. If we had an economic development strategy that identified areas in London, even at quite a small level, I look at the small shopping parades in some of the boroughs, where they would benefit from rate relief. We do not seem to have that mechanism; it does not seem to be discussed. Would not the business community overall in London bear a higher general rate if there were sensible, practical mechanisms for providing relief, either for suffering industries like manufacturing, or for the suffering retail sector, where there was a social value in having that retail sector, like a local shopping parade or something. Do you think we have talked about rate relief as an economic mechanism enough?

**Irving Yass CB (Director of Policy, London First):** I think there is a debate to be had about that, in the context of talking about a supplement to business rates to pay for Crossrail. One idea that has been put forward is that it would apply only to properties with a rateable value, with quite a high threshold. Therefore, you would get to the point where you were excluding about 70% of

businesses, but collecting about 70% of the money from the top 30%, if you see what I mean. There is certainly an issue about the impact of rates on smaller businesses, which needs to be taken into account. That is very typically a shopping parade, and so on. There is also quite a long history of de-rating or concessions for particular sectors. I think agriculture is still exempt from rates and between the wars, manufacturing had a 50% reduction. I do not know how well it would be received now if we were to talk about some kind of differential scheme. I suspect that there would be a huge argument about the merits of different classes of activity.

**Councillor Hugh Malyan (Chair):** Jo (Valentine) and I had a discussion about this a while ago. Whilst I concede the problems around having a robust system to do with this, particularly involving elements of trust within the business community and the governance communities, from my own perspective as a council leader and from a very parochial point of view, the inability to help some of those more fragile and, in particular, quite linear shopping parades, business-type communities, where you have a good relationship with your business community, they were signed up, broadly speaking, through Chambers of Commerce and through bigger businesses, to a wide economic development strategy, within the whole of a borough, not just its centre, or whatever. The inability of the business community and the local authority acting in relatively good tandem to be able to do anything about those issues has been a constant frustration over the years. That is not about wildly making one profitable sector pay much, much more for a more fragile sector, but yes it would be about elements of balance, about some encouragement for the more fragile communities, and finding a way to do that at local level, frankly, has been one of my quests over the years. I still have not got there. I hope that is through a wholly benign, business-benign point of view. Can you see a way through that particular conundrum?

**Irving Yass CB (Director of Policy, London First):** I think one way at it is through the development of the big type of structure, at the moment it is additional, but let us assume that it is was not additional – that it was actually more of the core funding. The heart of the BID legislation is actually a much greater flexibility about how the charge is actually levied, about the instance of it, on what basis you calculate it. They could do it in a different way entirely, actually, from the existing rating system, and equally what kind of exemptions you have for it. The idea of a BID-type structure does carry with it the possibility of much greater flexibility than we have with the current business rate, which is after all a national tax.

**Councillor Hugh Malyan (Chair):** Okay. Thank you. I notice Steve (Hitchins) has been waiting to say something.

**Councillor Steve Hitchins (ALG):** Belated apologies for being late, sorry about that. Given the direction of the conversation, the discussion, I would like to declare my interest as being a board member of the LDA.

Can I take you back to Andrew's (Judge) point about LSPs because I want to move onto the whole governance structure in due course? However, LSPs

are something that we all have had imposed on us; it is a Government wish. I am not trying to make a political point here. Some of them work better than others. What do you see businesses' role to be in those LSPs? Are they adding to your engagements? Have they given businesses the confidence that if the business rate is returned to local control, will it actually improve the accountability, and do you feel that they are assisting the whole business about councils relating to what businesses want? Are they a vehicle for that, or are they something completely different? We are always berated, whenever we go and see Jeff Rooker (Minister of State for Regeneration and Regional Development) or someone like that. They always ask, 'Where is the private sector?'

**Geraint Williams (Strategy Manager, BT Education and Local Government):** I can only speak for BT, and I can speak for BT in terms of what it tries to do in general for the benefit of the economy. We are very active in national-type of activities; that is the scale of the company. Most of our directors will be involved in some influencing body, so giving the voice of business. A simple example would be the Modern Apprenticeship taskforce. Our Chief Executive sits on that. Our Director of Strategy works with Jo (Valentine) on London First. There is that type of input coming in there, and there are other bodies.

We also get involved in LSPs. BT has actually been quite successful in local government in establishing ICT partnerships. There are a couple of examples of that. One is in Liverpool, which everybody probably knows about, and the other one is in Suffolk. I mention Suffolk because Suffolk is across the county districts. A lot of people are looking at how did they make that happen because it crossed the political divide. The way they made it happen is they put a lot of effort into the relationship side. If I look at our contribution to those partnerships, I would say that the way that we helped was actually to take some of the burden off, give the management team headroom to do the things that are important, and to make these things work. That is one aspect of partnerships that we get involved in.

We would always, in general, get involved in a LSP through some procurement, either through a procurement scheme or our corporate social responsibility arm. As I said earlier, education and environment are the two directions there. However, we will have come from a procurement route and the likelihood of is that we would have had to demonstrate at some point, what sort of public value do we add in order to win that? It will be around, for example, I will give one example of one that we won in London, a LSP there. 50% of the contracts we let out had to be to local SMEs. It is that kind of thing.

Others we have won on the basis of making things available to disadvantaged communities – using the resources we have and making them available to other parts of the community. It is all that kind of thing. I think this is the way that procurement is moving in the public sector, is towards getting the private providers to take some obligation for the outcomes in terms of the public value. I think it is embryonic and I think it relates to your previous question,

both Andrew's (Judge) and yours, about business rates. If you are getting business rates, then you are actually getting a lot back into the community. You might be quite happy to pay that. It is helping local SMEs, for example, all that kind of thing. I think people are becoming far more aware on the procurement side, as well as on the supply side.

**Jeff Austin (Director, Tribal Consulting):** I have been working with a few LSPs from the inside. They are very sophisticated operations, which are based on people actually wanting to do something together and then finding from within their own resources the wherewithal to do it. They do not have a budget – it goes back to the point about funding – and that almost disables it as a concept. Many of them, for many of the reasons I go along, is the dutiful meeting of like-minded people who are not doing anything that they are interested in, particularly. They are there in that manner. I think the best are quite entrepreneurial. From what I have found, and obviously I tend to go to the ones that are not doing so well, is that it does need some kind of radical review in terms of funding.

**Jo Valentine (Chief Executive, London First):** There are...

**Councillor Steve Hitchins (ALG):** I knew you were going to come in there, Jo (Valentine), so let me give you a supplementary to go with it. One of the things that seem to be coming out is that businesses' relation to the locality, whether it is a borough or the whole of London, is often a function of the size of the business. I am wondering how much that plays into this, since you deal with such a broad range.

**Jo Valentine (Chief Executive, London First):** That was partly what I was going to say. Certainly for our members who are the larger businesses, I think that hardly any see the borough as the relevant local community that they would identify with. I do not know if you took Tesco or whatever. You are more looking at corporate social responsibility, which we were touching on there, where some of the local staff may be mentoring or reading in schools. However, I do not think it marries very well in London. As you will know, the sub-regional partnerships, I think, play better with some of our members, because they think about central London, or the Thames Gateway, or south London. They can identify better with those clusters. I do not know, on the SME side, whether it does work as a unit for the smaller businesses. I am afraid I do not know.

**Councillor Steve Hitchins (ALG):** Well, my experience, for what it is worth, is that they are generally far too busy running their businesses to have the capacity to go to the sorts of partnership meetings that we seem to specialise in organising. However, the question then surely is, how can we engage with the business community to justify the return of the business rate to local authorities? Will they just think it does not really matter?

I know you talked about the community stuff, but it is going to be very hard for you, BT, to relate with, probably all 33 London boroughs, in one way or another.

**Geraint Williams (Strategy Manager, BT Education and Local Government):** If I take the National Health Service (NHS) as an example, which is unfair really, because it is a different structure, but the scale of it is a London-wide scale – I think we are a big company, so we obviously have a big supply chain to manage anyway. We actually have the kind of procurement rules that you would have in the public sector. We would have policies associated with that – to do with diversity, to deal with local companies wherever possible. We have BT Local Businesses, that kind of thing. Therefore, we are very aware of that, but then again, we are a big company. As long as we are aware of those issues, and try and do something about it, and are engaged in a particular way, or engaged with the market in a particular way, then we can do a lot in that area. I do not think we are unusual in that respect.

**Jeff Austin (Director, Tribal Consulting):** Just a quick point, from Geraint's (Williams) observation there, about local firms getting involved in shared services. I think that the firm's footprint should in some way be operationally related. It seems to me, linking back to the procurement point, that Geraint (Williams) has been pushing quite hard, which I think is absolutely appropriate. If you, through the procurement process, wish to get entrepreneurial or operational or marketing experience from these partners, if you write it as a procurement requirement, it becomes an activity, which is part of the contractual relationship.

**Councillor Hugh Malyan (Chair):** Just to take one point on, this thing about LSPs and the relationship with the business community, which seems to me to be critical here. Yes, in all practice it is not going to be possible for SMEs and small businesses to be heavily involved in a LSP. However, certainly quite a lot of councils have done things like, in terms of small business representation, if they have a reasonably robust Chamber of Commerce, they will have the Chief Executive from that, who is representing that wider, small-business view. They will have a few key big business players on there, as well. Some have got them involved very specifically in things like town centre regeneration, and whether it is Vision 2015 or Vision 2020, blueprint planning for town centres. Is that sort of prospect, in terms of thinking what the business role could, or is going to be, in terms of LSPs if they are to have a future in that respect – is that the sort of thing that warms the heart of business, or is business not particularly interested in that either?

**Jo Valentine (Chief Executive, London First):** It needs to be engaging in reality of business. I mean, some of those blueprints for the future are wishful thinking, and actually, I think that sometimes the business community can help in making them slightly more grounded. It comes back to the point, which you discussed and I think you were raising earlier, which is about trust between the business community and their local authority, and actually both halves wanting to work with each other.

If there is something in which the business community has an interest in the local area, then it is just about how the engagement takes place. How you

manage the public realm in Soho is of huge interest both to Westminster and to the businesses there. It must be possible to create a dialogue around that subject. Now, I think on the whole, any formal structure is unhelpful to having that conversation. Certainly, at the outset, I think it is best to get the ground rules sorted out, and then find the delivery vehicle slightly later on in the process. I do not know whether that helps answer the question at all.

**Jeff Austin (Director, Tribal Consulting):** I think there are some very good examples within regeneration of individual companies supporting national activities, being on the appropriate boards, like the Thames Gateway to the present. Well-regarded developers are also doing other things. The issue is, is that being maximised through the governance structure? Are you getting what is required out of that? Each individual firm, when approached, will be laying something on the table for UK Inc. and London Inc. but they will be acting on behalf of their own industry and their own competitive position within it. To draw out other contributions, I think, does need a formal arrangement.

**Councillor Hugh Malyan (Chair):** Okay, thank you. Sorry, Steve (Hitchins), You wanted to come back?

**Councillor Steve Hitchins (ALG):** Yes. I am trying to pursue this theme of governance structures, and how the business community would find it easiest to relate to any recommendations that we come up with. I want to pick now on the LDA, because it is the one area where you have been very positive that it should do more. However, not so much on the LSC, which I think we have all discussed at various times is not working as well as we need it to for London. This time on Business Support and Business Link, the LDA at the moment is going through a bit of a debate about what to do with Business Link. This is because of the structure we have, which means that we have to make that decision. Every other RDA has been told by Government, 'You will run Business Link'. The LDA, for some reason, which I am sure Anthony (Mayer, Chief Executive, GLA) can explain to us at great length, has a degree of autonomy. We have to decide that. It is not, not going to happen, clearly. However, we can intervene with Government, we can persuade, we can negotiate and we can discuss how we are going to do it. What I would like to know is, what gives you the confidence about a body such as the LDA, and what is attractive about its structure, where its board is appointed by the Mayor, and beyond that, is not terribly accountable, but involves members of your community, that works for you.

**Irving Yass CB (Director of Policy, London First):** We have talked to the LDA about their taking on Business Link. The first thing to say is that you will be pleased that it is moving from central Government to a London level. That has been a plus in itself, that we do have one more bit of devolution taking place. If your question really is what are we, and what do we have more confidence in the LDA doing it, than say, that being a borough-level function, I do not know. The LDA seems to be going about it in a fairly rational way. That is to say, taking something on – what is it? How does it work? How can we best take it on in London? That is simply a matter, I think if we have confidence in it, it is simply because they have talked to us about it, and we

have a relationship with the officers who are doing that. We understand their approach to it. It is as simple as that, really. It is a question of having that relationship.

**Councillor Steve Hitchins (ALG):** I certainly did not want to give the impression that the boroughs should run Business Link, you will be pleased. What I wondered is if the alternative is somewhere that is even less accountable – something like GOL. How would that feel?

**Irving Yass CB (Director of Policy, London First):** Sorry?

**Councillor Steve Hitchins (ALG):** What I am trying to say is, what is your confidence in the existing structures of London that we should go further? In your paper, you talk about reducing the role of the GOL, which we are all happy for everyone to sign up to. However, what is it about the GLA, the Mayor, or the LDA that works for businesses?

**Irving Yass CB (Director of Policy, London First):** I think it is simply a question that they are coming at it with a purely London focus, as opposed to central Government. As I was saying earlier, it is not really a question of the approach of GOL, which obviously a London organisation, but the extent to which they are simply acting as a vehicle for central Government departments and working to their targets and rules. What the advance in it going to the LDA is that it is now being looked at purely in a London context. I think that is an important issue.

**Councillor Hugh Malyan (Chair):** Thank you.

**Bob Neill (Deputy Chair):** There seems to me to be a fundamental contradiction, Irving (Yass, CB), in your stance, because you observe that things such as this, it is advantageous that they should be looked at in a purely London focus. Does the same not apply to business rates? Should the funding not be looked at it in a purely London focus? You cannot have the delivery purely London-focused if the funding is not purely London-focused, can you?

**Irving Yass CB (Director of Policy, London First):** It does come down to this question of confidence, actually, and the fact that business has developed a relationship with the LDA means that they are comfortable with the LDA operating as a service. If you were then to say now the LDA can raise a charge from you or a levy on businesses to fund it, it would be up to them to make the case, I think, on how the money was being used. It is about transparency. I was saying earlier that business is worried that it will be too tempting for any local politician with a funding gap to meet to say, 'Let's raise a bit more from the businesses', because after all, they might be wishing to kick us out come the next election.

**Bob Neill (Deputy Chair):** Coming back to your document, business in London is frustrated that it pays heavy taxes on the wealth it generates – I agree with you – but even that part of the tax field that is retained for London

goes to fund general borough services now. I agree with that; I agree with your proposition that you do not want to increase the overall tax take on business, and I agree with your point about transparency, but the current situation of the national business rate then being redistributed via the means we have is about the least transparent of the lot, is it not?

**Irving Yass CB (Director of Policy, London First):** Yes. I agree with that.

**Bob Neill (Deputy Chair):** You have your London bidding argument with the Mayor or with your borough leaders, who put it up too much, do you not?

**Irving Yass CB (Director of Policy, London First):** Indeed, there is a concern, actually, that if one were to re-localise business rates, you would still end up with some kind of equalisation mechanism, because Westminster can raise so much with a pending rate. That sense of transparency and accountability could be lost if you had an equalisation mechanism which meant that Westminster still retained only – what is it – six or seven percent of the rate that they levy.

**Bob Neill (Deputy Chair):** I suppose one might argue that at least that is then London-focused in terms of the makeover. The other point I was going to make was: you very fairly conceded that the London First membership is essentially, large public companies. I suspect you would probably have to speak to a different organisation to get the feel of the SMEs and those who may perhaps have a more borough focus, and perhaps we should think about that, actually, in terms of our evidence.

The interesting other point which, again, I broadly agree with, in your document, is the programme delivery functions of GOL being handed down to a London level. I suspect pretty much everyone is with you there. I wonder – can you help us? What things should be going to here – to the GLA, or the London-wide tier – and what things, perhaps, should be going to the borough tier? Are there things that are currently with the GLA that should be going to the boroughs at the same time? Can you help us a bit more as to where you think, in practical terms, where we could put what where?

**Irving Yass CB (Director of Policy, London First):** I do not want to be at all proscriptive about this, but I was just reading in *The Independent* this morning a piece about the Aylesbury Estate, which is on the receiving end of a lot of these programmes, and which, nevertheless, is still a problem estate, in spite of all the money that is being poured into it.

**Valerie Shawcross (AM):** The local community voted against the project to redevelop it. That was a delegation of decision-making to a very local level. I thought that article was a bit flawed, actually.

**Irving Yass CB (Director of Policy, London First):** What it seemed to indicate to me is that, when you are dealing with a problem of that kind, then the people sitting in this building, or across the river in St Katherine's Dock,



may feel as remote from that neighbourhood as people sitting in Riverwalk House.

Certainly, in terms of some of the local regeneration programmes like Neighbourhood Renewal or New Deal, then there will be a case for saying that those are things which are better administered at a much more local level.

**Bob Neill (Deputy Chair):** Purely, an example that strikes me: TfL run, amongst other things, the A21, because it is part of the London road network. I can see an argument about that. On the other hand, they also seem to procure the cutting of the verges and the day-to-day maintenance of it. I suppose that is the sort of thing where one might say that that could as easily be done by the London Borough of Bromley, because it does all the side roads next door. Is that the sort of thing that you are looking at, in terms of what is genuinely strategic as opposed to what is better delivered at a local level?

**Geraint Williams (Strategy Manager, BT Education and Local Government):** I think it is a question of – if you go up a level – if you think London-wide, is it actually going to be far more beneficial in terms of economic regeneration across the piece. That is the question. I know Jeff (Austin) has accused me of harping on about procurement, but I think that is part of it. If you get both benefits – say, value for money – by doing it in that way, and you also get economic regeneration where you want it, then that is the trick. I think some people try to do that on a smaller scale, but doing it at a London level, which I think is probably more manageable than, say, in the Northeast region, because it is smaller, it is probably more feasible. The benefits, business rates and public value are all linked in some way, and it probably needs some sort of strategic thought about how you measure the benefit.

**Bob Neill (Deputy Chair):** I understand that and it brings us perhaps just back to earlier points we touched on very briefly, one of which was coming back to education and skills. This is a critical issue for us. I understand the logic. London First often talks about the idea of a single agency, but I think none of us want to make sure that we want to get into a situation where we replicate the problems of the LSCs. If the single agency that is going to have the role of promoting best practice, monitoring performance and intervening where necessary, that sounds remarkably like the job description of the Strategic Health Authorities (SHAs) to me, in the health service. Perhaps I should declare an interest as a member of one of those. I am not sure that they necessarily give you the best added value. What is it going to do and how is it going to relate to the local education authority that most Londoners identify with as they deliver, certainly at the lower levels of education? How do we get all that working together?

**Jeff Austin (Director, Tribal Consulting):** Is the whole thrust on the education debate about schools and local education authorities disappearing?

**Bob Neill (Deputy Chair):** That is a perfectly understandable point to make here. How is it then going to link into that lowest level? The things that parents and users of the service – potential students – identify with. That is the thing I am trying to get to.

**Irving Yass CB (Director of Policy, London First):** First of all, I would not pretend that this is something that is a hard and fast written rule ...It was an idea put forward before this discussion, but the thinking behind it is that, first of all, there are problems, it seems, about the borough level as an education authority, particularly for secondary schools. If you only have eight or nine major comprehensives within a borough, that may not be a big enough base on which to build the kind of expertise and administrative functions that you really need to run secondary schools particularly. Then you have 40% of secondary school kids in London go to schools outside the borough, so all the borough schools are serving a wider catchment area. The DfES are setting up their London Challenge, which is extremely good work, but somehow the fact that the DfES has had to do that suggests that there is something that needed to be there within London that was not there and required central Government to step in and make that good.

In terms of what an agency would do, where it would fit in, I think we have certainly seen it as something that was the servant rather than the master of the local education authorities. In terms of its composition, it might well be that it is a purely borough initiative, and I think it would not have to be statutory. I do not think there is anything that would stop the boroughs from setting up a joint committee and voting it some money and giving it its function. One would rather see something informal over time than a new statutory body set up with powers and its own sources of funding and so on. This is very a much a 'thinking aloud' kind of exercise.

**Jeff Austin (Director, Tribal Consulting):** A quick couple of thoughts: one, a fiscal one. Some of the outer London boroughs have invested through Private Finance Initiative (PFI) and Public Private Partnership (PPP) in new schools. As you rightly said, 40% of pupils come from inner London. Inner London is having some wonderful new City Academies and, of course, the pupils that were going to the PFI/PPP schools may no longer go there. This is something, which may be happening in a borough near us now. How the financial consequences and movement consequence that would be assessed, there is no process at present for it. I think the other major process is intervention. If Ofsted is being cut back and schools deferred, who is going to intervene and how and where does the skill base lie, and who takes that responsibility legally, because we know that it is failing schools where pupils...

**Bob Neill (Deputy Chair):** You make the point that lots of boroughs are too small to sustain the inspectorates in the old-fashioned way.

**Geraint Williams (Strategy Manager, BT Education and Local Government):** On the ICT side, we have the London Grid for Learning, so that is bringing together boroughs in some sort of structure in order to supply information technology (IT) services to schools. That is an example of putting

something together to take the load off schools, done at a London level. I think that was a DfES initiative as well.

**Bob Neill (Deputy Chair):** That is helpful. Thank you.

**Councillor Cameron Geddes (ALG):** Following on from Bob's (Neill) attempts to work out what you feel should be done at a London-wide and at a borough level, was a couple of questions prompted from the London First documents, particularly recommendation 11 about housing: 'The Mayor should be responsible for the allocation of funding for subsidised housing'. Can I ask what that envisages? Is that the Mayor producing a glossy document with some aspirations, or is it the Mayor writing to 33 councils saying, 'You will have x number of properties built for social rent within a particular time scale and the powers to actually direct housing provision in London', or is it somewhere in between the two extremes?

**Irving Yass CB (Director of Policy, London First):** It is really taking over a function that is currently exercised by a Government office, which has a housing board, which it chairs, and which takes the decisions on how funding for social housing is allocated between boroughs. I think it is simply saying that one would rather that the Mayor was doing that than the director of GOL.

**Councillor Cameron Geddes (ALG):** Is that because of political democracy and accountability?

**Irving Yass CB (Director of Policy, London First):** It is that, but it is also because it does need to go hand in hand with the strategic planning. If the Mayor is doing the strategic planning job of identifying where new housing can be built, and is also laying down the strategy in terms of provision of affordable housing by house builders, then it would be a good thing if the allocation of funding for affordable housing went alongside that.

**Councillor Cameron Geddes (ALG):** On a similar theme, elsewhere in the report there is reference to planning matters of a London-wide matter. I think the term is 'strategically important – should be considered by the GLA'. Can I just get a feel for whether you feel that is likely to occur once or twice a year, 50 times a year? How many types of planning application do you feel should be looked at by the GLA?

**Irving Yass CB (Director of Policy, London First):** We currently have a situation where, I think, it is probably 200-300, which are subject to the Mayor's negative powers. I think that there is probably a need to look at whether that is the right level of intervention or not. He may be bringing in quite a lot of cases, actually, and that is something that does need to be looked at in light of the experience so far. There is also a problem about the location of facilities which are ones that are not particularly welcome anywhere, which may be anything from bus garages to waste disposal facilities, where you have to have them somewhere. There may well be a case for the Mayor, through the London planning process, actually designating, broadly speaking, where they should be. That does not

necessarily mean actually achieving a specific site, but indicating roughly where those ought to be, because nobody is going to be very keen on having them.

**Bob Neill (Deputy Chair):** The hint of that is that probably in some of the things in the schedule for that at the moment which are referred to the Mayor, involves things going to him, minor departments and Unitary Development Plans (UDPs) which are not generally strategically, to spell it out. Is that right?

**Irving Yass CB (Director of Policy, London First):** Yes, I suppose that is right.

**Bob Neill (Deputy Chair):** That is the obvious conclusion, is it not, for our record?

**Councillor Steve Hitchins (ALG):** Two points: first of all, can I go back to the education authorities?

**Bob Neill (Deputy Chair):** Sorry, Jeff (Austin) wanted to come in on that point before we come back to you.

**Jeff Austin (Director, Tribal Consulting):** It was the previous point from Cameron (Geddes), really regarding the strategic housing function and how important it is. Due to the major mechanisms, it seems, as I understand it, presently in London, our poor people are not dumped, but come to the east of London because property prices are cheaper and there is the availability of land. I think that that gradient, driven by cost, which the Housing Corporation has obviously got to give us value for money, can have a very adverse impact, potentially, on the Thames Gateway.

At present, I see two sorts of thrust: there is an idea about making the Thames Gateway an attractive place for people to be – a mixed community with high market values. Obviously it will depend on education improving and it depends on Tube stations and so on. Property values in London are driven by good schools and access to Tube stations. If you are going to put that investment in, actually managing good design and good distribution of social housing is a critical component in this context.

**Councillor Hugh Malyan (Chair):** Okay. Thank you. Sorry, Steve (Hitchins).

**Councillor Steve Hitchins (ALG):** Just a quick comment on the education authority stuff, because I think it is right. Coming from Islington, where we have precisely nine secondary schools – and we are building a 10<sup>th</sup>, do not worry – but we also have the private sector running the education authority. One of the key factors in that was that they could bring in all those additional resources around recruitment and specialist services that a small education authority cannot run. I think one of the issues that you appear to be flagging up is one that the boroughs keep nodding in the right direction about doing, but do not actually have any concrete examples of where they have achieved

it. It is about delivering across boundaries and common services, even if we have to talk to Camden and do something for them if they deliver for something for us in exchange.

You mentioned that the London Challenge had been the imperative for some of that cross-boundary in working together. That is true, but it only happened then because of the money that was attached to it. One of the things that the London authorities find very difficult is promoting and initiating cross-boundary working without some form of financial incentive to make it work. One of the models we are looking at is having strategic responsibilities at a regional level, and I think there is a good body of support for that. With the change in the funding mechanisms that might come through this there might be some of that money in the centre to make it happen.

I really want to press you on this one: what is it about the present structure with the LDA, TfL, as examples of how it might work, with the Mayor at the centre? How important to you are the business representatives on those two bodies as examples? If we roll that model out and if, for example – let us fantasise a bit – we have health come under the Mayor and that his London Health Commission becomes the strategic authority for health, and if the LSC goes into the LDA, how important is it going to be to you and how would you handle having business representatives on all those boards, and what level of comfort would it give for the business community?

**Jo Valentine (Chief Executive, London First):** I think one has to be clear, perhaps, about why they are on those boards, because the reality of most of those entities which are publicly funded is that the staff are, in practice, driven by their funding streams, and so the influence of the businesses on, say, a local LSC, in terms of strategic direction, is far less than they would like. I think that, as a generalisation, to which there are, no doubt, exceptions, that is true of all those styles of bodies and is probably, therefore, true of TfL and the LDA: that the drive is predominantly coming from the Mayor, in those instances, and the businesses are not, actually, strategically driving as much as they might like to.

I think it comes back to the same issue we were talking about before, which is about those entities' business friendliness: to what extent are they really prepared to talk with business people like us, or the businesses that the City membership fund first, really about the issues and about the solutions to them. That is what we value a great deal more than any sort of consultation method which never, in our experience, seems to have much impact on what happens in reality. Ditto, being on the board does not seem necessarily to translate into changing strategies from what it might otherwise have been. It is about the trust and about genuine desire to talk with the business community and find a way that works for the business community and for the LDA, if we took them, for example.

**Councillor Steve Hitchins (ALG):** Can I paraphrase and say you would like to see a great deal more influence if we are going to persist with that style of structure?

**Jo Valentine (Chief Executive, London First):** I am not even sure I would go as strongly as 'influence'; I think the dialogue has to be there, and one of the means of ensuring the dialogue is to have some business people on the entity. We had advocated an LDA, which was majority business, with a business chair, at the outset, and I think that has achieved a business flavour about what the LDA does, so I am delighted about that. Ditto on TfL: I think there is a business flavour to the way that that operates.

**Irving Yass CB (Director of Policy, London First):** It could easily be a cipher if the organisations did not want it to work that way, so it would always be possible to appoint people were nominally business people, but who actually were not really representative of major businesses in London. It depends very much on the reality of wanting to make it work.

**Councillor Hugh Malyan (Chair):** Thank you.

**Anthony Mayer (Chief Executive, GLA):** A factual question to help the Commission. Let us suppose there is a mood out there that business rates should be set by London boroughs, and let us suppose that London First were going to say, 'Yes, let's denationalise business rates, provided business has a say in the setting of business rates'. How would you ensure best that business does have a say? What mechanism would you wish to put into play to ensure that is safe?

**Councillor Hugh Malyan (Chair):** Spot time.

**Jo Valentine (Chief Executive, London First):** Could we just say that consultation would not be strong enough?

**Anthony Mayer (Chief Executive, GLA):** Therefore, what would you do? Would you go to a business vote?

**Irving Yass CB (Director of Policy, London First):** One model that we keep coming back to is the BID model, where you actually give businesses a vote on the level of the business rate. Again, one would have to be sure about what sort of exemptions, what sort of levels, what sort of numbers you are talking about, but it is possible to conceive of a situation where you would have an actual referendum, as it were, on the level of business rate.

**Anthony Mayer (Chief Executive, GLA):** That would be on the BID basis. Just for the record, it would be in proportion to rateable value of the businesses and the number of businesses.

**Irving Yass CB (Director of Policy, London First):** It probably needs to be a dual key, yes.

**Councillor Steve Hitchins (ALG):** Are you saying, then, that you would welcome a standard business rate across London, and then each borough

could have a differential on top, that they would have to do through a BID referendum process?

**Irving Yass CB (Director of Policy, London First):** I think we were saying earlier, probably before you came in, that we are in the process of finalising what we are going to do.

**Councillor Steve Hitchins (ALG):** That is a factual answer.

**Councillor Hugh Malyan (Chair):** Anthony (Mayer) took forward the discussion I raised early on this point. As a council leader, I would not have had any problem about sharing that decision in whatever mechanism you find that is satisfactory to all concerned, and I understand the point about consultation not being a strong enough mechanism, but if you are going back to whether it is a broad rate across a borough, or whether you are talking about some of those marginal decisions about supporting individual areas, which is a bit of a lesser issue – or could be a lesser issue – in terms of perception, rather than the broad base, that finding a mechanism to share those decisions that is acceptable, in a formal sense, to the local business community, ought not to be beyond the wit of all of us, at the of the day.

**Irving Yass CB (Director of Policy, London First):** I think I would say, on that, that if there are going to be localised business rates, let us not behave as if it was a national tax and have an absolutely uniform way of doing it.

**Councillor Hugh Malyan (Chair):** Okay.

**Councillor Andrew Judge (AM):** I apprehend that you are not going to recommend that the business rate be returned to the boroughs. We have a very progressive view, I am sure, of boroughs in London, which I suspect London First does not quite have. I wonder if you would consider recommending the return of the business rate to London as a whole, on the basis that the infrastructural improvements we need in London, to improve London's competitive position, are far more likely to take place if the business rate is raised and controlled at the London-wide level than if it is retained at the national level, and whether you might consider recommending some kind of stronger representational structure for businesses across London that could accommodate the London-wide control of business rates, which we would regard, perhaps, as a step to the return to boroughs, in some respects, but which business could properly argue for in terms of reinforcing the position of London as a world city and its competitive advantages.

**Irving Yass CB (Director of Policy, London First):** There is a very interesting set of issues about that, which I think is one of the most difficult. That is partly a question of whether one would really want to break or strengthen the links between business and the boroughs and, in particular, whether or not to try to have a situation where boroughs did actually keep the additional rate income that came from new commercial development; not some extremely complicated scheme like the one that the Treasury thought up, but a very simple one of keeping the extra rate income. That would be a

consideration in all of that. Again, a question of how one would get the legitimacy at a London-wide level – whether that would be any easier than it would be at the borough level. I think those are the fraught issues that we are wrestling with on our last draft.

**Jo Valentine (Chief Executive, London First):** Perhaps what we have not conveyed sufficiently is about half of the businesses we are talking to are very concerned about getting the links with boroughs working better – certainly the developers who might argue have a vested interest in the answer – but are extremely keen for a better local join. None of the things that are generally being talked about at the moment seem to quite deliver that for them, but we got a very strong message that, somehow, in the structure, if one could get a better join between what business wanted and what boroughs were doing, they would like that. The reason we focus on London-wide issues is, typically, because, if we look at transport infrastructure, I think that Crossrail is not a borough issue. We do have the two pools. It would be unfair to represent it as only a London-wide pool.

**Councillor Andrew Judge (AM):** Do you think you might recommend a return of business rates to London-wide boroughs? Is that possible?

**Councillor Steve Hitchins (ALG):** Is that going to affect the way you are going to vote?

**Councillor Hugh Malyan (Chair):** I am conscious that we have been at it for quite a while. We do try to wrap it up within just a two-hour space. However, before formally drawing it to a close and thanking you, I am conscious that – I am told by my partner in crime, who has just left a brief reference to it when I had to pop out – the issue of planning has not really come up. Have I missed something or have we not touched on planning, which is what I find most business communities, from either a pan-London perspective or from a local borough perspective, just want to bend my ear about all the time. Here you are, four of you – have you come here with a predetermined plan not to mention planning or what? Does anyone have a quick comment on planning?

**Jeff Austin (Director, Tribal Consulting):** A quick comment: clearly, obviously, the new framework coming in, hopefully, will speed things up slightly. As a planner, I feel it is quite amazing that we have managed to make it such a long process in London and I think there are several consequences of that. If it is going to take over 18 months to develop a brown field site in any part of London, there is a tempo issue and then there are other investment decisions to be made. It is locking up a lot of capital. Something has to be done to support the revised process moving along quickly.

I think the other issue is scale. What seizes me is, if you are going to put somewhere around £400 million – or a billion plus – into the Thames Gateway, the sorts of people to manage the planning and the deals I do not see in the boroughs or in the Registered Social Landlords (RSLs), and the Urban Development Corporation (UDC) is too small. Who is going to manage



the experts in programme management and doing project deals, the return on which will be 10-15 years later, when so many of the organisations involved in the development sector – central Government, yourselves, and the boroughs – have a short-term horizon. In terms of long-term planning, there is no body in place to deal with the 10-15-year, 25-year investment horizon. Targets are too tight. You could be that, but you have not bid for it.

**Councillor Hugh Malyan (Chair):** Thank you. One specific point – and these are all important points – but you touch on it in here, about the Secretary of State still having the appeal power beyond the Mayor in London. You touch on it but I cannot remember whether you have a specific recommendation about it stopping at the Mayor. Am I right on that or have I got that wrong?

**Jo Valentine (Chief Executive, London First):** Can I just answer the first point and Irving (Yass, CB) will answer that point? Yes, we have worries about planning; yes, we would like it done more speedily, and I think commercial understanding within the planning department we would like more of. We would support higher fees for getting the first planning resolution. Our concern is that, currently, it is not proposed that that is hypothecated in any sense into the planning department, so our members would certainly support paying themselves for increasing that quality and quantity of planning in the boroughs. We are just talking about the mechanisms for achieving that, and I am not sure that that requires any change in governance. It is about a practical thing. Westminster is looking at protocols at the moment and fees for getting senior advice upfront. Whether that is working or not, I do not have feedback yet.

**Irving Yass CB (Director of Policy, London First):** On call-ins, we simply said that the Secretary of State's power to call in applications should be things which really are of national importance and we were fed up with the call-in for the Thames Gateway Bridge, which was entirely a London matter and we do not see why the Secretary of State got involved in it.

**Councillor Hugh Malyan (Chair):** Can I just take you on that issue for a second, because I think you mentioned if it is a national matter, like another runway at Heathrow. I think that is your example, there. It is a national perspective, quite rightly, for the Government of the day. How are we deciding between what is of national significance, so that, even if it is in or around London, it must have national Government involvement? Your Thames Gateway-type issue – should that be London? Where are we in practice? I do not know – I am not an expert on planning.

**Irving Yass CB (Director of Policy, London First):** The power for the Secretary is always the power to intervene, and I am not a lawyer and it would need a lawyer to do the drafting. I think it does need to be clearer that the Secretary of State's powers should relate only to matters which he certifies as being of national importance. I would imagine that would be the sort of thing that would be subject to judicial review if he were using it too widely.

**Councillor Hugh Malyan (Chair):** Okay. Thank you very much. We have been at it for two hours, so we will call a halt there. I hope other colleagues agree with me – I found that really, really interesting; it has been really useful, particularly, of course, as your one organisation had a report of their own as a foundation base, on which we have been able to have a range of discussions, but quite a lot wider than that as well. It just remains for me to thank you very, very much for sparing us the time and coming to talk to us today. I am not sure – and I probably should be – how far each or any of you have got with written submissions – whether they are in at the moment. Richard (Derecki, Director of Studies, Commission on London Governance) have we had written submissions in from any of the –

**Richard Derecki (Director of Studies, Commission on London Governance):** From our colleagues here – no, not yet, but Irving (Yass, CB) said that, at some point, we would be receiving another contribution.

**Councillor Hugh Malyan (Chair):** If you are able to, we would appreciate written submissions on particularly detailed points as well, although I know you are busy. Thank you very much.

**19 April 2005**

## **Commission on London Governance: Seventh Hearing**

The Commission heard from Sir Sandy Bruce-Lockhart, Chairman of Local Government Association and leader of Kent County Council. Members of the Commission discussed with Sir Sandy what role accountability can play in improving the quality and efficiency of public services.

Sir Sandy was also joined by John Ransford Director of Education and Social Policy at the Local Government Association.

In particular, the discussion focused on the following issues:

- Giving local communities more of a say in their affairs
- The effectiveness of partnerships and
- The relationship between London local government and its neighbours, the Home Counties.

### **Present:**

London Assembly

Association of London Government

Cllr Hugh Malyan (Chair, chaired the hearing)

Cllr Merrick Cockell

Bob Neill (Deputy Chair)

Cllr Andrew Judge

Brian Coleman (AM)  
(AM)

Cllr Cameron Geddes

Cllr Steve Hitchins

## **Transcript**

**Councillor Hugh Malyan (Chair):** We come on to the start of the main business today. This is the Commission on London Governance's (CLG) seventh evidence hearing. We are delighted to welcome today Sir Sandy Bruce-Lockhart (Chairman, Local Government Association). Sandy (Bruce-Lockhart), is both, as all of you will know, the leader of Kent County Council and also the Chairman of the Local Government Association (LGA) since July, I think, last year, but previously was Vice Chair of the LGA prior to that. Sandy (Bruce-Lockhart), first of all, thank you very much for giving us your time to come here. I know that you are pretty keen to be canvassing down in Kent at the moment, so we are very grateful that you are sparing your time. If we get straight into the start of the business, I am going to lead off with a general question, and then I know colleagues will want to come in with some more specific points themselves. Colleagues, you have in front of you – hopefully all of you have – copies of the LGA document *Independence, Opportunity and Trust*, which I have had an opportunity to reread. It will not take anyone long to realise that there is a great deal in common with this sort of agenda, and that that we are forging towards in the CLG.

Sandy (Bruce-Lockhart), having had a chance to look at those documents again, can you start us off in a general sense, by giving your views on that relationship between local government and central Government. If I put the question – does it require some form of constitutional settlement in the future, to codify and guarantee the relationship and the split of responsibilities, powers, influences, between local and regional government and central Government, whoever it may be? Give us an open reaction to that.

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):**

Firstly, thank you and I welcome the opportunity to be here. It would be nice to be canvassing, but that is what people do for a hobby rather than what I am actually doing today. The LGA comes from this, from the point of view of what is it trying to achieve. Somewhere at the start of the document it says that the LGA and local authorities want to join cause with the next Government whoever that is, for three reasons and the three basic problems that we see. The first is simply improving public services. The second is making better use of public money. The third is bringing power closer to the people.

There is clearly, in our view, something that is going wrong in the UK at the moment. Firstly, public money is possibly not being put to the best use. By that I mean that a 30% increase, shall we say, in investment in real terms in the health service according to the Organisation for Economic Cooperation and Development (OECD) is producing a 4% increase in output. There is something wrong with the use of public money as a whole. Secondly, there has been a breakdown in trust. We saw at the last general election that it was the lowest turnout since the First World War. We know that just too many people out there are totally disenfranchised from the political process. Too many people think that all the political parties, or each of the political parties, are simply not relevant to their lives. There is a genuine breakdown in trust, and we need to rebuild democracy.

We start off from those three planks, improving public services and making better use of public money, and improving or building democracy. If we come to the first ones, about improving public services and better use of public money, the LGA simply argues that the United Kingdom (UK) is unique. As I often say, and echoed by a wide number of commentators who say exactly the same thing, that we are unique amongst the major democracies and economies of the world, in the degree of central control that our Government exerts across public services and local government. It does not matter – compare us to the United States, compare us to France, where President (Jacques) Chirac has embarked on his programme of decentralisation – we are left behind in a highly centralist system. What this has done is it has wasted public money. It has at the same time stifled the energy, commitment, and innovation of staff. It has stifled, also, the responsiveness and flexibility, and if you are looking at successful organisations in the private sector, they become successful because in a changing world, they can respond, they can be flexible. Central control has also eroded local choice because it has denied the ability for local people to take local decisions, based on the local needs that they understand. Finally, in our view, it has weakened local democracy itself, the whole apparatus of the state. Now, we all know what we are talking about, we are talking about the regulatory systems, the endless,

endless Government guidance, the financial bid systems, the grants you have to bid for, the inspection systems, the regulation systems, and of course, the breadth of the quango state. The apparatus of the state in this country is unique.

Now, I think that the major political parties understand this. However, the question is, what are they going to do about it? The Labour Government have gone down the path of earned autonomy, which is around making public service agreements, saying that if you go down this road of earned autonomy we will decentralise to a certain degree, but nothing like what you see in some of the other European countries, in New Zealand, Scandinavia, Australia, the United States, and so on.

What should we do about it? Your question was, should there be a concordat? The LGA argues that the first step, which I do not think Government – meaning the Labour Government – have made any progress on, is around a very basic decision, which is that we recognise that any Government of any colour, nowadays will probably want some form of national or minimal standards in some public services. I would probably understand that a hospital operation in Portsmouth should be the same as one in Newcastle. You might argue for national minimal standards in some aspects of education, possibly some aspects of social care, particularly associated with risk and children. Nevertheless, you simply can find no argument, I can find no argument, for any form of national minimum standards around leisure services, swimming pools, libraries, recycling – a whole raft of the responsibilities of local government. Therefore, I think the first thing we should do is sit down with Government and say, ‘What are the very few aspects of public services, which require some form of national or minimum standards?’ I think there will be very few. Once we have decided that, let us just free up the rest. Let us take away the whole baggage of regulation and bid systems and inspections, and everything else, all the control mechanisms of the state. I think that is the first important step. Of course there are other steps, about restoring the balance between elected democracy and the quango state, which has got wildly out of proportion. However, I think that first step needs to be taken. The LGA argues, of course, that inspections should be halved and that other steps need to be made. I think that first one, from my point of view, is probably the most important. You touched on some aspects of accountability, but it is probably best if I stop there, otherwise I will talk for my full hour.

**Councillor Hugh Malyan (Chair):** That was great, thank you very much. Would any other colleague like to come in?

**Councillor Andrew Judge (ALG):** May it not be argued that, traditionally, local government failed to deliver those quality services that we are seeking? Local government services up and down the country are fairly standard in character, so that housing in London was very similar to housing built in Newcastle. The same would be the case with social services and with leisure centres, and they were at a very basic standard indeed. It may have fitted in with low expectations at that time. By the second period of the (Margaret) Thatcher (Conservative Prime Minister, 1979-1990) and (John) Major

(Conservative Prime Minister, 1990-1997) Governments and the start of this Government there was widespread dissatisfaction with the quality of services that local government was delivering, and their feelings that their ought to be intervention through regulation and through central control, which both Conservative and Labour Governments have proceeded with over the last 15 years or so.

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** I think your question is entirely right, and I am glad it was in the past tense. It could have been argued, and I think that is right. Certainly that was a problem, and unfortunately, quite a number of leading Westminster politicians cut their teeth in the days of what were regarded as 'loony left' councils, and have something of a lack of trust in local authorities. However, the situation has changed radically. Services across local governments have been transformed.

The LGA is setting out six or seven things that I touched on, that we would want to see Government decentralise over. We are making two major commitments ourselves. Firstly, is that we simply must be an integral part of the solution of any Government that comes into power. We have to drive up services. The first commitment, the LGA says, is that we will work together within local authorities and within the family of local government to ensure that there are no poor or weak councils within three years. We are saying absolutely, we must put our own house in order; otherwise we cannot argue these arguments of decentralisation.

The second thing that we are saying is that we are absolutely not sitting there and saying, 'You must decentralise. We are in a highly centralised system, and that all centralisation/decentralisation ends with us.' Subsidiarity does not end with the council. We are saying that we must decentralise to local government and through local government, so local government in turn empowers the communities, the schools and the voluntary organisations and the neighbourhood groups, and all the organisations within it.

While we argue for far greater autonomy, we are putting on the line two major commitments. I think there is more we can do on both of those. The neighbourhood arguments in the Office of the Deputy Prime Minister (ODPM) paper in February, I think, support the second one.

**Councillor Hugh Malyan (Chair):** Okay, thank you.

**Bob Neill (Deputy Chair):** I am tempted to say that I am hoping to be canvassing in Kent later on today as well Sandy (Bruce-Lockhart) because I genuinely think that is where most of my constituents identify themselves as living honestly, rather than London. Without going down that one, I was interested in your point about accountability because I think there was force in it. What do you think are the key factors that can really make service delivery accountable? I agree with your premise that we suffer from a lack of trust at the moment, and that is because there is perceived to be a lack of accountability. What are the things that, within the concordat, in the discussion that we talked about, the key things that we should be picking out – sensible things that we could do to improve that?

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** I think that is a good question, and I think that there are a number of things. If one starts at the top, I think that if we are arguing for a major decentralisation – if local government is saying that we will take responsibility in a way we have not taken responsibility before, including across the wider totality of public services, and that we will lead partnerships and we will be accountable for them, that we need to be very clear about that.

There has to be a visible shift in accountability from ministers to council leaders who are prepared to take on the accountability. Everyone quotes, for example, how ludicrous for the Deputy Prime Minister (John Prescott) to have to answer questions in the House of Commons about chewing gum on the streets of a local authority. That would not happen in any other country – so he has to announce two national task groups, or something, into chewing gum. There were examples in Surrey of ministers answering questions about one particular child excluded from school – ludicrous. Certainly in the United States, it would always be the local authority, not the federal government, that would answer those. I think there must be a visible shift in accountability.

When it comes down to the local authority, I think firstly, that there is – and I know you come to it from your questions that I saw, later on – there is, in my view, a danger in Multi-Agency Partnerships (MAPs), in that there is a lack of clarity of accountability. I think in some senses, the (Victoria) Climbié case and the subsequent report almost came to the wrong conclusions in drawing together children's and education services. The real report was not any of the particular police, health, local authority. It was that there were MAPs where nobody knew who was accountable. Therefore I think, at a time when there is increasingly MAP working, we must have clear accountability about which of those partners is directly responsible. That, I think, is the second aspect.

I think accountability is also affected by information. Clearly, issues of choice come into it. I would say in London that you are fortunate because of the media. I was very struck in Baltimore, visiting the mayor (Martin O'Malley) there, and I think there were only 18 councillors and I was talking to him about his council structure. I said, 'What do you do about scrutiny?' He said, 'What do you mean, scrutiny?' I said, 'Do you not have a scrutiny committee?' He said, 'No', so I said, 'Well, how are you accountable?' He said, 'Well, I am accountable to the public.'

**Bob Neill (Deputy Chair):** Quite right.

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** Every Thursday morning he has two hours on television, not from City Hall but from somewhere on the street, and he takes questions, and is accountable to the public. I do think there are advantages in big cities where you can have television for that particular area, which you do not enjoy, shall we say, in a district council where you cannot possibly have that.

I think in London you could make more of direct accountability through the media, because ultimately the best place to be accountable to is the public. I think the media have a very important role, and an undervalued role to play, and perhaps a role that they do not take a high enough responsibility for, in ensuring that democracy works, because democracy only works if people know what is happening.

**Bob Neill (Deputy Chair):** I think that is useful to follow that point up. The media is clearly, potentially, a potent player. I suppose one might equally say, the media is, given its current attitudes, very often one of the causes of the cynicism and the dissatisfaction. It requires a level of responsibility from the media that, who knows whether they would take? Are there other mechanisms beyond that so one can make sure? I take your point that the key thing is to make the public have an effective voice if accountability is to mean anything. Are there other things that perhaps we should be looking at from that point of view? I got your point about direct accountability through the media.

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** I think the way that we run inspections and targets in this country is, again, wrong. I will give you another example from the United States. Talking to John Timoney, who is the Police Commissioner in Philadelphia, who reduced crime by half there, and was number two in New York introducing zero tolerance. He had some experience of policing in the UK. He said to me, having spent a day with him trying to understand how he had halved crime in about four years, and he said, 'The real difference between policing in the United States and policing in the UK, is that in the UK, your Police Commissioners, your Chief Constables, spend their whole time staring upwards at the Home Office.' We all know the regulatory regimes of the Home Office on policing. Whereas he said in the United States, that simply does not take place. The police look wholly to the street, to the city mayor and to the street. That is to whom they are responsible. Too many public service managers, right across public services in this country, from the health service, right to the schools, spend too much of their time simply staring upwards at Whitehall, and their directives and their performance targets and their vastly growing inspection systems – 108 new watchdogs and the whole paraphernalia. What we should do is turn that around. We should turn it around to the street. If we were in the private sector and our product was not selling, we would do customer satisfaction surveys and we would tailor our product accordingly. If you want to be accountable, you should be accountable to the street. A far greater emphasis on residents' needs, customer satisfaction surveys, and removal of this ridiculous performance regime that comes from on high would, I think, make us genuinely accountable. Being accountable to Whitehall is a complete waste of time. We want to be accountable to the street. I think we should make that case much harder.

**Councillor Steve Hitchins (ALG):** Apologies for being late, Chair, sorry. Three things I picked up on and I would like to come to the first, last. You mentioned the Victoria Climbié case. I was very pleased to hear what you had to say about that because it seems to me, as tragic as that individual case is, the fact that we have reorganised the whole of local government throughout country on the basis of one case is the wrong way around. The outcome may be, in the end, a good one, but I think it is too early to say. I just wondered why you do not think anyone in the country thought it strange. If it had been, as you said, in the United States, if it had been in France, there is a written constitution and they would have been told, 'Hands off, this is local



government's issue.' You should do it. However, in this country everyone thought, 'Something needs to be done.' They all looked to the minister; they looked to Parliament do to something. I am wondering how we can look back as local government – and what we are talking about here is regional government as well of course – how we can get back in the driving seat of those changes so that, if something happens, we have the authority and the understanding of the general public that we can resolve it. If you would like to start there and then take that further into what you were saying about inspection. How can we take it away from the Audit Commission, and actually run our own inspection service through a regional and local structure, so that we can take responsibility for monitoring our own performance?

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** I think we have to do the first two things that I said. We have to be an integral part of the solution of the next Government, whichever that is, and that means that we have to do better in improving public services, back to the second question. We have to drive ourselves on improving what we do. Secondly, we have to devolve ourselves. I have argued very strongly, and the LGA is picking up. I think the point that you made, what you said was, 'Would the public support?' Whoever is in Government, I think, will only really listen to us when our standing with the public is higher than it is at the moment. I think that the central challenge is to raise the public perception and the image of local government. Once the public are on our side, once the third parties are on our side, the media will then come on our side, and we will then be armed with public support to argue for the things, which many other local authorities in other countries have.

At the moment as we all know, unfortunately, all too often councils are the butt of weak and generally pretty unfair jokes in the media. I do think we have to work together as a local government family to win that particular battle. We can make all the arguments that we all know so well, which I have touched on, about how in fact we can genuinely improve public services through greater decentralisation. I think ultimately, we will only really win if we have the public on our side.

I think it is a good time to do this because I saw one of the charts from the Electoral Commission looking at what the public thought were important. Who did they think was important? They looked at the various levels of government. If I remember rightly, they thought that Westminster and Whitehall had about 25% support, the general regional assemblies in the country had about 3% support, and the local council had about 47%, meaning that twice as many people thought that their local council was relevant to their lives – to the things that affected them everyday – than Government and Whitehall. Yet we do not get that relationship with public satisfaction in terms of supporting us. I think we have to build on that and use that. Increasingly in people's lives it is the local issues that are important and I think we need to work on that.

**Councillor Steve Hitchins (ALG):** Thank you for that. I just then want to take it a step further, when you were talking about not only national standards being of a minimal level, but also in a very few, but clearly defined areas. The other side of that, I am assuming, is increased democratic accountability.

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** Absolutely.

**Councillor Steve Hitchins (ALG):** You talked about 'on the street'. What about the finances? Does raising a higher proportion of the revenue that local and regional authorities spend locally, is that an important part of that so that the accountability is not only for the services, but also for the money which we raise to spend on them?

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** I think it has to be. I know that there was a change when the business rate changed – almost a halving – and people did not necessarily notice an immediate reduction in accountability, shall we say. I think it simply must be part of the solution. We are just too much at the mercy of central Government, and we have seen that, not this year with council tax, or even last year, but the two years before, as the Audit Commission said in their report in December 2003, that Government is now too much responsible for the rises in council tax because of the gearing. You can find very neat examples – they are almost too neat – that in the UK generally, local authorities raise about 25% and local government turnout in elections is somewhere around 30-35%. You can look at France, which is about 50% they raise; in local elections, it is 50%. You can find the right country in Scandinavia to take you to 75% raised locally and 75% turnout. However, if you look across the pattern, I think there is some truth that generally where more is raised, the turnout and the interest is higher. I would definitely support that very strongly.

**Councillor Steve Hitchins (ALG):** I am not going to ask another question, but at some point, I hope we can hear a bit about the Public Service Agreement (PSA) experience in Kent.

**Councillor Hugh Malyan (Chair):** We will come back to that. Okay, Brian (Coleman, AM) and then Merrick (Cockell, ALG).

**Brian Coleman (AM):** Two areas, Mr Chairman. In order for local government to improve its act it has to attract quality men and women to serve, and that is becoming increasingly impossible I suspect, not just in London, but in the rest of the country as well. Partly because if you do get men and women of quality getting elected in their local councils, many of them serve one term because they cannot abide the way we do business. Particularly, I would suggest, since the ridiculous changes under the 2000 Act, the executive and scrutiny split. That is my first. Where is the LGA coming from on that? I know the LGA has done all this work, the Improvement and Development Agency (IDeA) and all the rest of it, and tries to make out that scrutiny is a sensible and decent job. You and I know, Sir Sandy (Bruce-Lockhart), that men and women of calibre who come on the local council, and get chairmanship of a scrutiny committee – very few of them stick the course.

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** I think there are a number of aspects to that. The issue of attracting good people to stand is immensely important. I think it is strongly linked with the issue that we were just talking about, which is around the standing and perception of local government all together. It is also very strongly linked with the decentralisation agenda. I have had very good people come to me, and in other local authorities in our area, look very closely at the council, in some cases it had nothing to do with allowances or anything else, but they decided in the end, that they simply could not make enough of a difference, because the central controls were too great. I think there are issues about perception, which stop people, standing, and that is why it is so important that we raise the perception. I think that decentralisation is also important because of that.

I am not certain about the current allowance system. In Kent, we give our members £10,000 for an allowance; we thought that this would encourage lots of new people to stand. What it has actually done, is it has tended to stop...

**Brian Coleman (AM):** People retiring.

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** ...some of the more elderly ones retiring, so it possibly had the reverse effect of what the Government might have thought. The answer is that we have, to your second part of the question; the Government has gone down the road of cabinets and scrutiny. That is the system that we currently have. I think that what we need to do is not pretend that everyone on the authority is in some way involved in the strategic, major decisions of the council, because they are not. What we need to do is to build people as local members, as what someone described as 'the elected mayor' in their constituencies, or their wards or their divisions, and support them in a new way. Certainly, in my own authority, we have had success with moving to local boards, we have had success giving local members an allowance. We have top-sliced some of the grants to voluntary organisations and put them in the hands of the local members. I think there are councils across the country that are leading in good ideas, and empowering people in their own wards. Of course there will be some people in the authority who are involved in executive decisions; there will be others that will be involved in scrutiny. However, the vast bulk of them need to be supported to have a much, much stronger role in their own wards, so they are the elected mayors of their particular constituencies they serve. I think we would do better to concentrate on that, than perhaps trying to pretend everyone was involved in the decision-making process in the big decisions of the council.

**Brian Coleman (AM):** Can I ask – you outlined what should be done locally and what is needed nationally? What, if anything, do you think should be done regionally?

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** I am glad you introduced me as Chairman of the LGA and Leader of Kent County Council because I could answer... The LGA takes what one might call a balanced view on regionalism.

**Brian Coleman (AM):** Sits on the fence, you mean to say.

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** I think we need to be realistic about the regional agenda. The tide is going out fast. We know that the tide will go right out when there is a Conservative Government, either in a couple of weeks or four years or so, that it will be finished. However, there is no doubt that the tide on regionalism is going out anyway, because there are some impracticalities there. It is very interesting seeing the move towards city regions rather than regions.

Speaking with my Kent County Council hat on, I find that the south-east region serves no useful purpose at all.

**Brian Coleman (AM):** Why do you carry on, and your councils carry on?

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** The Council has passed a motion calling for the abolition of the South East England Regional Assembly. I think that probably pursuing that one is probably not why you asked me here. I will try and explain to you what are the important relationships to Kent. Kent has important relationships, firstly with London – you may want to come on with that one – which could be better than it is. It has relationships with the Thames Gateway, which are the London region, the eastern region and the south-eastern region. Those are our important neighbours. We also have an important relationship with the north part of Calais, which is 22 miles away to the south-east. We have no relationship with Banbury and Oxfordshire at all. Our relationships are not regional. That is an answer from the south-east, and as I say, the LGA, with a wider view of the country, would take a...

**Brian Coleman (AM):** What services, if any, should be done regionally? You are saying none.

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** I see no reason for it. No services were done regionally until 1998. There are some trans-regional transport issues like the M25. What actually happened in those days was that the minister appointed a working group of M25 authorities, which of course crossed a number of regions, and called them together every three months in a working group. It would be better for local authorities to come together in groupings, which have direct interest. For instance, coastal authorities are some of the most hard-pressed authorities in the country. With coastal communities, they have very real issues, and drawing them together in a grouping would be very helpful. In my own view, speaking of Kent County Council, I see no purpose in regions at all.

**Councillor Merrick Cockell (ALG):** Maybe bearing in mind the fierce scriptures of your office on what we are supposed to be asking you, can I follow on one area from the LGA's point of view, and then from your position as Leader of Kent. You gave a very interesting set of outlines on what could be the future settlement for local government nationally. Bearing in mind, and

who knows in the next few days, with the major political parties maybe announcing some extremely revolutionary ideas for local government, but assuming that the historic fear of fiddling with anything to do with local government and the repercussions even just within the ruling party – whichever ruling party it is messing around with their councillors – is a disincentive to do anything. Do you think that actually here, this Commission, could be seeking a distinct settlement with Government, whoever Government is, of saying London is different in very many respects, including the fact that it is the only regional government that is really, in any way, effective, and we can argue about that. We do have a different form of local government in London. Could we, as London, in a united way say, ‘Government could take a risk with us?’ Things that you may not be ready to do nationally, following the agenda you have outlined, we could deal with in London? Do you think that might be a sensible partial outcome for this Commission?

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):**

The answer to that is yes. I think there are not only London, but I think there are other local authorities that take issues of Local Area Agreements (LAAs), where local government is trying to take on a far more autonomous role and a role in drawing together the totality of public services. Not only London but yes, I think London does have quite unique challenges, opportunities. There is absolutely no doubt that London is increasingly dominant whether we like it or not. The trite phrase, ‘A World City’, is a reality. London is becoming dominant within Europe, let alone the UK. I think London needs to recognise that, take full responsibility for that. I think it needs to look after some of its own issues. I think it needs a stronger working relationship with its neighbours, and I see no reason why it should not be taking those very unique issues to the Government and working out a relationship of autonomy that tries to deal with those.

**Councillor Merrick Cockell (ALG):** Can I then follow on, and you were going there naturally, and that is the role of London within, you could say the south-east, probably way beyond the south-east. I am not sure whether it is the hole in the doughnut or the jam in the doughnut, but you are part of the puffy outer bit of the doughnut, and London is the bit in the middle. Yet there is very little relationship. London sees itself as all-powerful. You are trying to deal with a structure that – you talked about this earlier – which excludes London. Everything revolves around London, of course you are dominated by London, but yet you are supposed to be dealing with Banbury and other parts that have no connection. Yet I do not know – you said you could do better at having a relationship with London. I do not know. How does Kent have a relationship with London? Is it with Government Office for London (GOL), is it with the Greater London Authority (GLA), is it with the Mayor, or is there nothing at all? If there is very little or nothing at all, how could that positively be improved? It cannot make any sense to have such a dominant city in a dominant region, where almost at suitable times, one side ignores the other as if it does not really exist?

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** A little while after I became leader of my own local authority, I felt that because

London was such a dominant neighbour, that we needed to have a direct relationship with the GLA. We wrote and tried on three or four occasions to meet the Mayor. Despite following through, he was unable to find time to meet us. We regretted that because we do feel that London... There are so many interdependencies. I know many of them are from, shall we say, the Home Counties rather than the region; because you go all the way around from Essex, right the way around – and issues of transport and waste disposal. From London's point of view, London is right there in the middle. Issues of tourism are dependant upon having an attractive green countryside area around it. Tourism is interdependent. Many of the people who work in London come in from the Home Counties – about 110,000 from Kent. 56% of the population of Medway commute out to work, most of them to London because of the deprivation issues there. Interdependency in a growing London with the garden of green around it in those Home Counties is immensely important.

There are lots of things that we should be discussing. The housing issues are also... London has a challenge of deciding... Many of the world's cities have decided to grow upwards rather than outwards. That is an issue which I think London needs to address, but it needs to address with its neighbours, who may or may not have to take some of the housing if London grows outwards rather than upwards. There are a number of issues, and that relationship needs to be strengthened.

**Councillor Hugh Malyan (Chair):** Just carrying on with the point raised by others about whether it is what you referred to as a concordat, whether it is the language we have used at some stage in the future about some form of constitutional settlement to protect the interests of local governments in whatever form it is separate to central Government. Then tying it in with your own statement about, 'Government will only listen to us when our public standing is higher.'

Running those two together, how do we actually achieve it, if we take into account the media jokes that you referred to? I am always personally struck by the issue about, whoever is the central Government of the day, the ministers themselves, who have spent half a lifetime trying to get to where they are, and probably in many cases, as individuals will not be there for a particularly long time. The whispering in the ear from a very senior Whitehall civil servant, about, 'Look, Minister, I know you have to deal with local government, but this is your chance to get something done, do it now.' There are a lot of forces, natural forces, working towards that centralisation and people taking the opportunity while they have it. From this pretty weak position for local government, how do we in detail, whether we are talking about any form of eventual concordat and settlement, or in terms of how we get there with the public standing being raised? How do we actually go about doing that? Where do we need to go to achieve it? Is there a campaign?

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** I think the LGA has been clear about the steps that it wants to do, and we have talked around a campaign to raise the standing and perception of local government with the public. That is not a three-month campaign, or a six-month campaign, that has to be a highly professional campaign, with mutual

support from local authorities, not slagging off the local authority next door, but mutual support from local authorities right across. I think that is an essential part of it.

As I have said, the primary argument about which services are going to have national standards so that we can free up the rest is clearly an important argument. The arguments about the removal of regulations, inspections and so on follow on from that. I personally think very strongly that the argument about the quango state needs to be addressed. Local government is now responsible for somewhere around about 20-22% of public expenditure in its area, and Government quangos and agencies and trusts are responsible for the rest. If you compare that to the United States, where the local authorities starts by being responsible for police and health as well, you have a significant degree. I think there are lots of arguments that we can run.

I think there is an issue about whether we feel we have to go for broke for total autonomy, or we back the horse of earned autonomy. I would say that the PSA route has moved us in the direction of greater decentralisation. Two years ago there were very strong arguments running in Government for taking social care away and putting it in with community care into the National Health Service (NHS). Those arguments for the moment seem to have gone away because there was a recognition that local government is actually delivering quite well.

I think it is partly about argument, but I think ultimately it is going to be about demonstration. I think only when we can demonstrate that we are delivering better, when we are demonstrating that we can empower others, that we will finally win the argument.

**Councillor Andrew Judge (ALG):** The original argument for local government gained a great deal from the production of gas and water and electricity, and that is the agenda of the 19<sup>th</sup> century. I am wondering if the sustainability agenda is something that the local government can take on board to a better and greater extent than central Government.

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** I am sure it can because the sustainability issues are all practical issues. Government does not do anything, does it? It only directs. It is local authorities which do things and I do think those arguments are very strong. If you want to go into that argument, my own authority is engaged in it with the United Nations (UN) in trying to bring the UN Non-Food Crops Centre to the UK. The ultimate argument around sustainability is changing the economy in what the UN call, from a 'carbon economy', which is a fossil-fuel economy with all the plastics and fuels and oils, to a 'carbohydrate economy'. We think that the UK can play a leading role in that. That has massive implications for sustainability in the UK, but also for developing countries and for climate change. I think it is very much up to local authorities to drive on that agenda. It does not have to wait for Government to drive on that, because the records of government across the world on that are pretty poor.

**Councillor Cameron Geddes (ALG):** A couple of specific questions. You are quite scathing about the quango state. Can I push you to name names? Who is on the hit list?

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** I think that would perhaps not be wise, as the Chairman of the LGA to name names. One of the remarkable things about the quango state is how extraordinarily unaccountable they are. Many of them are largely unaudited. It is only in the last year or so that people have even learned the depths of the health authorities and the trusts. If you look across a wide range of the quango state, they are largely unaudited and totally unaccountable. They are uninspected, they do not have star ratings and we are still waiting for Comprehensive Performance Assessments (CPAs) in Whitehall departments, let alone of the quango state. We need to see that. Government cannot judge effectiveness, particularly in the climate of Gershon (Review of public sector efficiency) unless we have equal inspection classifications and assessment right across. I think that ultimately we need to rebalance that back.

This country is out of proportion with the percentage of the quango state to local democracies. I think we need to remember that Government was quite right in going down a wider partnership agenda. I think we need to understand what has happened. During the last century, each incoming Government in the UK was faced with very dominant threats – two European world wars, in the 1920s depression and recession, in the 1950s industrial decline, in the 1979 union problems, high inflation, high unemployment, the Cold War. It was not really until the mid-1990s in the United States and the UK that at the end of the Cold-War, a strong economy in the United States driving a strong economy in the first world, that for the first time we had the luxury of turning truly to the quality-of-life issues. Public services have dominated the national political agenda for now three general elections. Before that, they did not. It was about survival, it was about wider issues. The quality-of-life agenda, I think the Government understood, that partnerships were very important; that quality-of-life issues are so complex, they are so interrelated – like the Government's new agenda on health improvement, it is automatically linked to education, nutrition and sport, and housing and employment, and employment is linked to education and skills and so on. They are highly complex, they are highly interrelated, and they can only be solved in partnerships. That is, partnerships across the public sector, the quango state; partnerships with the private sector, the voluntary sector, the community sector. It is only local government that has the democratic legitimacy to lead. That, I think, needs to be underlined. We have to play that leadership role, because we are the people that have that legitimacy. We should be leading, but at the same time we should be doing what other countries are doing – is we should just be rebalancing that back because we are the ones with the legitimacy. That is what makes things work, and that is what makes things work in other countries as well. A long answer, but...

**Councillor Cameron Geddes (ALG):** Very clear. You were not very enthusiastic about regional government as well, if I could suggest it that way. How big a blow to local democracy, local councils would it be, for example, to lose trading standards or building regulations?



**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** It was interesting to see that the Gershon report pointed quite strongly towards co-terminus areas. Co-terminus areas – such as the local authority borders and the health authority, the police authority, learning and skills, etc. Talking about London boroughs, of course, you are probably talking about the local authority with presumably; the police command unit, the Primary Care Trust (PCT), rather than the health authority. I think that there does need to be... Local authorities are fixed. They are historical; people understand them. Therefore, I think there does need to be, when there are restructurings of health or whatever, that they come into local authority boundaries, so those partnerships can work better and the accountability can take place. Trading standards – there was not really, in the report, a move towards regions. In trading standards there are issues around home authorities, where you have national and international companies, and who are they responsible to. That is just a question of making up people's minds.

Local authorities are quite large enough to have the economies of scale, certainly compared to the rest of the public sector. Gershon talks about 30,000 cost centres of the public sector. Local authorities, there are only 400 of them, so we are actually quite large compared to what they are talking about. What we need to do is to amalgamate some of the cost centres into local authority boundaries and local authorities and gain economies of scale.

**Bob Neill (Deputy Chair):** A couple of points. I was very taken with your comment about the lack of response from the Mayor, in terms of building a relationship, because the Assembly in its previous term was critical of the Mayor's London Plan, as was the inspector, for the lack of exactly those relationships across that. I just wonder, is there anything in our recommendations we could be saying to the Mayor, 'Look, you should sit down when the leaders of the surrounding councils want to talk to you; it would actually be sensible to take note of it.' There is something called the Pan-Regional Forum which when I served on it, I found a pretty useless body, if I may bluntly say, because it did not have the ability to actually speak authoritatively for any of the constituent parts, and they were always having to refer back. Are there ways in we could have a much more meaningful cross-border relationship, involving both strategic authority and the boroughs, with our neighbours?

In the second point, a completely different one but it follows on from a point which you made, was in terms of cost centres seeking to meet Gershon. One of the arguments that has been made in criticism of the London boroughs, I do not necessarily buy it, is that although large authorities compare with much of the rest of the country, although sometimes they are actually too small to provide a range of specialist services, education inspectorates, sometimes are likely and that sort of thing. Do you perceive ways in which we can achieve a measure perhaps of joint working between local authorities, which respect the historic boundaries but do not cloud the lines of accountability – of when we go down that joint procurement, do you want to run the risk of falling into that lack of clear accountability that you were stressing earlier on?

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** The first question around the Mayor – I think all of us have to invest time in

building relationships with other organisations. London has, I cannot remember how many counties around it, it must be eight or so. You could of course establish a board or a forum, and I am sure all that sort of thing is essential. Ultimately, I think we have all learnt that if you do establish a board with 10 other people, actually, unless you establish bilateral relationships individually, it does not work. It is not what happens at the meetings when they meet three times a year. It is the bilateral relationships and the working relationships that that establishes between offices, which are all-important. Therefore, I do not think simply recommending a London and neighbouring authorities forum – on its own a sensible recommendation – but on its own it is not enough. It has to be a willingness to establish and invest time in strong bilateral relationships, which produce results, which is important. It is immensely important to the neighbouring authorities, particularly on, I would say, things like transport issues, where all our transport links are not across our regions, they all radiate out of London, our people pour in, and there are huge issues there, and indeed in the housing and the other issues I mentioned.

Your second question was around accountability, was that right?

**Bob Neill (Deputy Chair):** It was how do we manage to go down the route, for example, of more joint procurement, or partnerships working without blurring the lines of accountability, and so on.

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** At one end of the scale, there are services that have to be run, shall we call it, by the state, like the police service, the army, because the public expect that. There are other services, which I think, have to be directly accountable to the local authority, and you might say social services, the library, whatever it is. However, I cannot think that the whole agenda around procurement, back-office and transactional costs, anyone out there minds the slightest bit who runs that service, whether it is run by the private sector or whether it is run by an amalgamation of local authorities. The LGA has supported very strongly a number of local authorities where they are now joining back offices, where they are there procuring, where they are running transactional costs together. I do not think the public mind whether it is done by a group of local authorities or by the private sector.

I think the only – and I speak for my own authority here – the only issue that we felt was important was that local people might not want their service off-shored. When we wanted to set up a 200-man call centre, we did not want to do it in Bombay because we wanted it answered by Kent residents and we actually wanted the employment to be in Kent. I think I would personally put a limit at off-shoring, but whether it is the private sector or one authority or a grouping of authorities, I do not think it matters.

**Bob Neill (Deputy Chair):** I wish you had spoken to the Mayor before he sent the GLA call centre to Glasgow.

**Councillor Hugh Malyan (Chair):** Let me just put one final question around Local Strategic Partnerships (LSPs). I think, because we have done a bit of stuff on partnership working, just a simple view on LSPs. What has worked well with them, what has not worked so well, and do they add value?

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** Looking across the country?

**Councillor Hugh Malyan (Chair):** In as long as you have.

**Sir Sandy Bruce-Lockhart (Chairman, Local Government Association):** The LGA, looking across the country, sees the extremes both ways. There are local authorities where LSPs are adding real value and doing really well, and for the first time, bringing the partners in the public sector, the private sector, the voluntary sector, community sector, together, and genuinely forming a vision which is getting people behind a vision for the local authority areas – the single most important thing.

There are other authorities that say to us that they are having a real job getting value out of this. I do not think – I mean, John (Ransford, Director of Education and Social Policy, Strategic Management Board, Local Government Association) might like to add – I do not think there seem to be any, so far, many rules or lessons on which local authorities do. What we just see is an extreme range from real value on one end, to people saying, 'This really is adding nothing'. Are there any – can you draw some criteria for successful?

**John Ransford (Director of Education and Social Policy, Strategic Management Board, Local Government Association):** I think two things. One is that I think that is right, they do vary from very effective to people struggling. I think one category is where there is Neighbourhood Renewal Funds (NRFs), and where the criteria for receiving NRF in the existing 88 most deprived authorities were the setting up of an LSP, and having that monitored by the Government Office. That concentrates minds wonderfully, in that people have to come together. I think that has strength and a weakness. All the thrust of Sir Sandy's (Bruce-Lockhart) answers to you, has been if local authorities are not taking the lead using their democratic accountability, bringing partners together, and showing the public that there is something valuable here, then local government is nothing. Is that voluntary drive, and indeed if you look at those partnerships which were formed before we invented LSPs, Croydon being one of them, and the effectiveness there, and in Coventry and Wolverhampton, I think you see building on excellence. In a sense the name means nothing; it is the commitment and the partnership that works. I think in that sense, the NRFs are a special case.

The only other thing I would add, is there is a very, very strong move when these are set up, from whatever the iteration of ODPM was at the time – I cannot remember, Department for Transport, Local Government and the Regions (DTLR) or whatever it was – means that the local government must organise, must enable but not necessarily take the lead and chair the things.

Whilst you see the sense in that, I can remember a very effective one down in Exeter where the Bishop chaired it because of effective personal skills, and was the only one that everyone could agree on. No one would agree on anyone else, and certainly not the county council should be in the lead. I understand that. It seems to me the whole thrust of community leadership, economic, environmental and social well-being, and all of the things Sir Sandy (Bruce-Lockhart) has put in front of you, means it is the local authority that must in that community leadership role be responsible for making the LSP work. It is the only body that has the legitimacy and usually the multi-faceted and complex arrangements to bring that together. It seems to me just as local authorities are very different throughout the country, so should LSPs be very different throughout the country, in terms of form, as long as the purpose is to add value and local people think their quality of life is improved, whether it is by the inward investment of major industry, through to the nature of the services they receive on their doorstep.

**Councillor Hugh Malyan (Chair):** Thank you. I am confronted by a bit of a dichotomy in there, obviously around the... If you take the position that the 88 as it were, the ones who have received NRF funding are possibly a bit better organised. There is a relationship there I think most of us would accept. Yet I wanted to get away from the NRF. Putting that to one side if you like – their use on their own. If there is going to be a different shape, a different form to the different types of LSPs – I personally think there should be – but how then, do we measure the success of that partnership? Does not therein lie the problem?

**John Ransford (Director of Education and Social Policy, Strategic Management Board, Local Government Association):** Certainly you are not going to engage the private sector and I suggest a lot of other partners, unless they go there for a purpose. I do not think they are going to go there for a talking shop or to be warm and cuddly, as we used to say in social work. They go there for a purpose. That purpose needs to be established and I think it is the LSP itself, sets, explains and promulgates its purpose – and that is measured. I totally agree with you that the NRF is in a sense a particular issue. Far better that the LSP is a vehicle for a super LAA. That is what really counts – bringing all the resources of the area together, not just a specific one for a specific purpose, but bringing all the resources together for the community for good. I think it should set its own purpose and be evaluated against it.

**Councillor Hugh Malyan (Chair):** Thank you very much for that. Sandy (Bruce-Lockhart) and John (Ransford), I am conscious that we have already gone somewhat over time. It just remains for me to say on behalf of Committee members, thank you both very, very much for coming and speaking to us today. It has been extremely useful. I heard colleagues agree that getting the horse's mouth from the LGA in particular has been really, really good for this Commission and its purposes, so thanks very much for your time.

**10 May 2005**

## **Commission on London Governance: Eighth Hearing**

The Commission heard from Mr. Michael Snyder, Chairman of the Policy and Resources Committee at Corporation of London. Members of the Commission discussed a range of issues related to the Commission's work, including the future for London's economy, the provision of local services and community engagement with local business.

### **Present:**

London Assembly

Association of London Government

Bob Neill (Deputy Chair)

Cllr Hugh Malyan (Chair, chaired the hearing)

Brian Coleman (AM)

Cllr Cameron Geddes

Darren Johnson (AM)

Cllr Eddie Lister

Murad Qureshi (AM)

Cllr Steve Hitchins

Peter Hulme-Cross (AM) substitute  
for Damian Hockney (AM)

Graham Tope (AM)

Valerie Shawcross (AM)

## **Transcript**

**Councillor Hugh Malyan (Chair):** Okay, we go into today's session, and my opportunity to formally say, 'Thank you very much,' to Michael Snyder, who is Chairman of the Policy and Resources Committee for the Corporation of London. Michael (Snyder), welcome to you, and thank you very much for sparing us some of your time. As you know, you have heard this is our eighth Commission hearing now, and we are trying to take the widest opinion, right across London, so we are looking forward to your contribution today.

We do have an informal setting, and colleagues will come in with questions along the way, but I know you have some points you would like to make at the start, and if you would like to kick off with those, that would be great.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Thank you very much, Hugh (Malyan), for giving me the opportunity to give evidence to the Commission. It will not come as any surprise – and I do not need to tell you – that the administration of the City of London is considerably different, perhaps, from the other 32 boroughs in London. I hope that the Commission will agree, nevertheless, that we have an important and specific contribution to make to the London government scene and that something in what I say today might help your work.

You have already seen our written submission, so I am not proposing to go through all of that, and I have – believe it or not – culled from my original draft

quite a bit. Nevertheless, if you think I am going on for too long, please do feel free to shut me up.

There are around 7,000 residents in the City, but some 310,000 come in to work in the Square Mile, and the Corporation's focus obviously recognises that the City is almost entirely a place for doing business in, rather than living. In saying that, I do not want to understate the importance of us serving our residents. Believe me, they are very capable of getting their issues known very quickly, but maintaining and enhancing the City as the world's leading international financial and business centre is clearly and inevitably our core activity and what we are about.

The term 'City' is commonly used of the financial services market and sector in general, wherever the exact physical location, and that is reflected in our own activities which are not geographically confined to the Square Mile. For example, the Corporation's promotional work is undertaken nationally and internationally: the research programme on City issues – 'City' in the broadest sense – and we have a City office in Brussels, and they reflect our external focus. If you like, the City could perhaps be regarded as the headquarters building from which the activities of the financial services sector radiate outwards.

You will all remember that we went through this joyous process of getting a revision to our franchise through Parliament, and the Corporation, therefore is now in a unique position in which all businesses in our area have the opportunity for direct input into the Corporation's decision-making process through the voting system. As the written submission said, in a broad sense, therefore, the City could be likened to some sort of giant Business Improvement District or BID, and I will perhaps return to that in a minute.

Involvement in regeneration partnerships is an important part of our work, and as most of you, I think, will know, these are mainly – but not exclusively – in the City fringe area. They include things like Thames Gateway Partnership, East London Business Alliance, Pool of London Partnership, Central London Partnership, City Fringe Partnership, Cross River Partnership, and so on – so quite a wide range. We also have our own local strategic partnership, as I know all local authorities do, and it is called The City Together.

As I have said, the City franchise already brings a direct involvement by City businesses in, too, by participation in our decision-making processes, but the strategic partnership – The City Together – also brings together representatives of other bodies: National Health Service (NHS), transport groups, police, and (London) Safe Communities and so on. I think it is quite important in our case – and I have heard various other comments on them – because it is perhaps an antidote to the risk of that silo mentality of just dealing with the international businesses.

I believe that The City Together has demonstrated that some cross-boundary issues can effectively be tackled locally through this mechanism. I will use as an example the improved working relationship that we, the Corporation, have

had with the Learning and Skills Councils (LSCs) through sharing the knowledge of the skills that are actually needed by the financial services sector within in their central and eastern regions, in particular, and that has enabled us to work much more closely in developing an effective set of programmes to meet the needs of that particular sector.

Perhaps I could just say a few words on economic issues. As far as the City is concerned, current indicators show growth in business. For example, job vacancies are buoyant, and although there has been some small, recent falling off in demands for commercial property from the 2004 very high demand – there was over 9 million square feet of office space let in 2004 – all of the indicators are that the progressive recovery is in hand at the moment. It is not linear; it is patchy, but it is happening.

The net export of UK financial services is just a tad under £17 billion. Depending, as we know – I am sure all of you have been involved in this – on the assumption made about the calculation of tax revenues, the current net contribution by Greater London to the UK economy is some £11 billion.

Public expenditure in London is currently 33% of its gross value added (GVA), far less than the equivalent figures for other regions. The national average is 45%, and for example, northeast is 68% – and there is London on 33%. London's export of resources to the benefit of other parts of the country and its role as a central marketplace perhaps makes a strong case for investment in the capital, but I suppose that that would be something that you would all probably agree with.

The Corporation is particularly keen to ensure that we maintain an efficient, effective, competitive, and commercial environment. Obviously, this does not just mean the regulatory climate, although that is very important for businesses – indeed an increasing factor in various surveys that are done, where, for example, in the last year it was sixth in the pecking order, and now it has gone to the top of the list – although other factors are also important. We all know about them: transport, housing, infrastructure, the labour market, provision of health care, and of course, good education.

All of these things are very important, but so is the need for sufficient modern office space, and that is particularly important with the needs of international business that operate in a very competitive world. They can go anywhere they like, and they are so important – I think we will all agree – not only to the City, but the whole of the London economy. In terms of these needs, there is projected growth, from all the research we have had done, of 1.75% compound growth over the next 10 years or so.

That would mean an additional 90,000 jobs in the Square Mile alone, growing from 310,000 to 400,000 by 2016. That equates in property-space terms to an extra 20 million square feet of good, prime office space. Incidentally, there is also predicted to be another 60,000 extra jobs in financial services and the related business sector in the immediate City fringe, which will also mean an

extra 14-15 million square feet in the immediate City fringe. There is also projected to be about another 20,000 in Canary Wharf.

There is quite a lot there to go for in terms of commercial property and the environment. In order for the City and the wider central London business district, as it were, to prosper, I believe that intervention by central – and indeed London – government needs to be kept to a minimum and should only occur when absolutely necessary. We are all perhaps familiar with the word ‘subsidiarity’, and in my view, we should really ensure that functions are devolved to the lowest tier of government capable of exercising them effectively. It seems to me that this is consistent with the democratic principle that government should be brought as close as possible to the people it represents.

I would say that an obvious application of subsidiarity would be the power of local authorities to levy at least a proportion of the business rate in their local area. I can make this point with some experience of it, because the City already has the ability to raise a supplementary local rate, which in fact we are currently doing for security-related purposes. The case for the City is unique, and it is predominantly an international business and market centre. Having a considerable local control over business rates is a very easy case to make for the City. If businesses are directly represented on the authority, which decides how the money that is raised from it is spent, they should surely have some say in deciding the level at which business rates are levied for the services that the authority provides.

Admittedly, the 32 boroughs do not have either the same concentration of business or the same electoral arrangements as the City, but it seems to me that with the development of the local strategic partnerships, there now could be much greater input from business rate payers to local policies, perhaps by creating an obligation to take account of such input when formulating the local authority’s policy. This should be reflected in the way money from businesses is raised at local level.

I mentioned earlier that the City is a sort of BID. The electoral arrangements for creating a BID to allow a levy on businesses within an area follow similar principles to the City franchise. They both partly relate not only to the number of businesses, but also to the size of the business. BIDs achieve it by rateable value, whereas the City’s franchise achieves it by relating voting entitlement to the number of people employed in each business.

Before anyone will forget, as I did mention right at the beginning, City residents – the 7,000 – are concentrated primarily in four wards, and the recent franchise reforms I mentioned have preserved the residential bias of the electorate of these particular wards. The biggest concentration of residents is in the Barbican Estate – where incidentally, the residents voted overwhelmingly in 2003 to retain the Corporation as the manager of the Estate. We also have other concentrations of residents in Middlesex Street, Mansell Street, and Golden Lane, which have different issues and some



interesting challenges sometimes, and with whom we engage in different ways.

I hope that that very brief introduction has been helpful, and it certainly – hopefully – has not been too long.

**Councillor Hugh Malyan (Chair):** Michael (Snyder), thank you very much. That was very useful. There is such a wide range of issues here that the Corporation and other colleagues have views on. Your submission itself touches right across a wide range, which is going to be, I think, brilliant for today, if a lot of different issues are going to come in. I am just going to kick off with one of the issues. Your own local strategic partnership, The City Together, I thought I read somewhere was quite new, but I cannot remember exactly. How long has it been going?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Two years.

**Councillor Hugh Malyan (Chair):** Two years. Do you chair it, out of interest?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Yes.

**Councillor Hugh Malyan (Chair):** You do, yes. Do you think that the right vehicle for a wider perspective at local council level – including the City, but it could be Croydon; it could be Merton; it could be anywhere – for a wider view in the local community – that umbrella view or that bringing together the triangle of the statutory public sector, the voluntary sector, and the business sector – where would you like to see them go in the future, if you think they are the right models? If you do not think they are the right models, obviously you will not want them to go anywhere, but where can you see them improving local areas over the next two to five years?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I think I should preface it by saying that I actually, genuinely believe in partnership working. I come from a partnership in my professional life, and I have tried to introduce that and further it in the Corporation, with our colleagues in other boroughs, and indeed, with the GLA and so on. I think that local strategic partnerships can work, but I am not a great expert on how they work in every other borough. I hear lots of anecdotal evidence...

**Councillor Hugh Malyan (Chair):** It is very mixed.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** ...from colleagues on the Association of London Government (ALG), and perhaps there is no point rehearsing those. I think it can work, providing you get the right people on them, and you empower them – empower them in the sense that we have to take notice of them, including

the business element of them, which I think is very, very important, particularly if rates were being levied in any discretionary way. I think they can work well.

For my own part – and it is a personal view – while I think they should be influential, the elected members of the authorities should be the ones that take the decisions and should be judged in the ballot box by their decisions, rather than having to follow too slavishly the findings of the local strategic partnership. Therefore, I think they can work in specific contexts, but I certainly would like to see them treated much more in an advisory way, but actually getting mainstream people on them as far as possible.

**Councillor Hugh Malyan (Chair):** You run into the traditional problem about if it is too influential, you have elected members complaining that their democratic rights are being ridden roughshod over. If it is not influential enough, you get complaints from – and particularly, probably quite rightly – the business sector that it is a bit of a talking shop and not a lot is happening, though that can equally come from the voluntary sector and elsewhere. Where is the middle path, then, because you seemed to promote both sides of that, but I did not quite get the successful view of where it goes through the middle to achieve something?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I would actually say The City Together does that, because clearly, we have to take account of it in formulating our policies, like every other local authority. Actually, however, for the people that take part in it, it is much more of a sharing of information – understanding what others are doing and seeing if other parts of the community can actually lead.

For example, *the managing director of one of the hotels that operates in the City is leading The Culturally Rich City, which is one of the themes of our local strategic partnership.* They are getting together, across the various cultural offerings, with arts – whether that is entertainment; whether that is the restaurants, wine bars, pubs, hotels; or whether it is the tourist industry in general. They are getting together, and they are sharing information and seeing what they can do themselves.

The danger is that anything the local strategic partnership says, the local authority has to do. I believe that this is about empowering other people to do things, as well, by sharing information, and that is, after all, what a partnership is about. I do not believe that it should be there to dictate to local councillors, which I think is a different issue.

**Councillor Hugh Malyan (Chair):** You would not see them in the future, in a few years, with significant budgets or something like that?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** No.

**Valerie Shawcross (AM):** I think I would just like to start by saying we do have to recognise and thank the City for the active partnership work that you

do. I declare an interest as a director of London Connects, but we have seen the City be very active on the Olympic Bid, Pool of London Partnership, and a whole host of partnerships. Therefore, I would certainly want to acknowledge the outward-looking nature of the City Corporation.

Having said that, I think the fundamental question is, 'Is there a conflict of purpose for the City itself in trying to represent the interests of a sector, a financial services sector, that spreads now across the City and out to Canary Wharf, Croydon, etc., from within a political vehicle that is essentially a very small, geographical area?' If you were designing a vehicle now to represent the international/global financial and economic interests of London, would it look like the City Corporation? What boundaries would you like to go beyond?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** A very interesting question, but I do not think I would like to look at it that way, if we focus on the real issue, which is that we have to promote – we, the country, the United Kingdom (UK) – have to promote our marketplace for international and financial services. They are not predominantly British companies that are operating here. They are world companies – worldwide companies that are operating here – and we have to nurture them and create and promote the right environment in which they can operate.

That does need to be done in a very focused way, so I do think it needs to be an area that is predominantly business, as opposed to a mixed community. I accept that we have 7,000 residents, but the issue is that we are predominantly business. We need to have a focus for that to drive the environment. Now, what does 'the environment' mean? It means the regulatory environment, influencing that, and working with the Financial Services Authority (FSA) and the Treasury, in Europe and so on – and further a field – to make sure that that regulatory environment in which those types of businesses operate is sound.

We have to make sure that the security environment is sound – and by security, I did not mean just physical security. I meant economic security, in terms of having a focus on white-collar crime, for example. Therefore, I believe that all of these things are more easily achieved within a very focused authority that is designed for that purpose. If one said, 'Would one start with any mechanisms again?' I am sure that we would all design them probably in a different way within five minutes of them being in existence. May I suggest, we are constantly reforming the way the House of Lords is; we are reforming and changing the way London governance is. We can all change things, but I think that actually it works jolly well.

In terms of the area, because you addressed that it is such a small area, and therefore, how can it represent all these vast interests outside, I think that is not the correct flavour. There are 310,000 jobs in the Square Mile. There are, in financial services, about 58,000 in the immediate City fringe. There are currently about 45,000 in Canary Wharf. There are a very few – I have

forgotten the number now, but a very few – near Paddington, and some of the hedge fund boutiques are throughout the West End. It is a very great concentration in the City.

**Valerie Shawcross (AM):** I do not think anybody underplays the importance of what you do and the businesses in the City, but one problem I have perceived for the GLA is finding a business voice that has a London-wide analysis. Certainly, so many of the business organisations we have already are small, sector focused. They are geographically focused, or even if they say they are London wide, they are not very much drawn from the broader London base.

When you, for example, are making your comments, either within the British context or in an international context, on the regulatory framework, for example, would you be drawing on the views of financial services and businesses from outside of the City? If so, how do you go about doing that?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** The simple answer to your question is ‘yes’, but I will give you an example. We have, as you know, the City office in Brussels, and that is guided by a group of individuals called the City Advisory Group, which consists of very senior players from all but a number of the major businesses. It is chaired by Sir Nigel Wicks, who is deputy chairman of Euroclear (Bank) and also has been a civil servant and so on.

We have people on it like the worldwide chief executive of HSBC (Stephen Green), which is based in Canary Wharf. We have the chief executive of BNP Paribas (Pascal Boris), for example, which is based in Paddington, as well as the main businesses, whether they are British, whether they are European, or whether they are American – JPMorgan, Goldman Sachs, the people that run each of those in the UK and Europe, in fact, sit on that committee. Therefore, we draw on a wide range of these businesses – insurance, professional services, Stuart Popham (Senior Partner, London Office, Clifford Chance law firm).

**Valerie Shawcross (AM):** You cut loose of your geographical boundaries on some of these issues.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Indeed, that is what I was saying in my opening remarks, because I think it has been broadly agreed – certainly tacitly by the Government and by the Mayor and so on – that financial services are in need of that particular focus, and that is what we are concentrating on.

**Valerie Shawcross (AM):** Last question, if I may, Chair. I think you said, then, that you have a City representation in Brussels. Is that separate from London House, the Mayor’s...?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Yes.

**Valerie Shawcross (AM):** Is it? Yes. Do you think that that best serves the business interests in London, that there are separate routes of representation? You obviously have the Government Department of Trade and Industry (DTI), City's office, and the joint ALG/GLA installation there. Do you think that dilutes the messages that you are trying to give out in Brussels? Is there scope for greater collaboration in that area?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Well, there is collaboration.

**Councillor Hugh Malyan (Chair):** What is the level of collaboration at the moment?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** They talk to each other. I do not know, myself, exactly how frequently, or whatever, but they do talk to each other. To be honest, I think it is – to the contrary of what you are saying – actually the specific focus on an area – I meant financial services and related business services – that is the strength of influencing the regulatory environment. It is focused, and it is business-led. That is the difference, and that is why it needs to be wholly focused on that area and separate. I think the businesses believe that that is necessary, as well.

**Murad Qureshi (AM):** You obviously want to keep your pitch as representing financial business, whilst we have new challenges out there – Canary Wharf, Panton Basin, and what have you. I am just wondering what you are doing actively to stop the flight of service jobs from the London economy. We have had the 80s and the 90s seeing a loss of the manufacturing base of London. It is quite clear, if you look at the world economy, that is the next area. I want to know what you are doing to face those challenges for Londoners.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** We are not doing anything specifically to stop jobs disappearing, as you expressed it, because that would not be our role. What we have to recognise is that we are part of a world marketplace – a very competitive world marketplace – and the best way of attracting jobs of the right sort into this country is by making sure that it is the best competitive environment in which they can do business.

I am sorry; I am answering the question, because that is the best thing that we can do, not only for people that will come in from overseas with these businesses, but also for the local population that will aspire to jobs in the City. By 'City', I meant the City, the City fringe, Canary Wharf, and the City-type jobs. The only way we can do that is by being very focused on making sure we have premises of the right sort, the right security, the right transport system, which I am sure we would all agree with.

We need Crossrail, and we need an upgrading of the Tube, and so on and so forth. We do not need half the services cut from the south – half is a little

exaggeration – but quite a number of trains stopped going into Cannon Street, London Bridge, Charing Cross, and soon. We need to maintain all of those services. We need to have the right climate for businesses to want to be here. That includes tax; that includes all the things that make people that run these very big companies choose to base their main operations here.

Now, why do they base their main operations here? They base them, because it is a competitive environment. They say it is being challenged at the moment, but nevertheless, it is still a very competitive environment, and we have – above all – the critical mass of skills. The skill base here in the City and in London is incredibly good, and that is what attracts people. All we can do in terms of making sure we have the jobs is to keep that competitive environment right, so we attract as many jobs.

We then have to make sure that we have the outreach, through some of the things that Val (Shawcross) was describing earlier – in terms of partnership working, Heart of the City Initiative, City Action, and so on – so that we actually engage those communities around us that they can aspire to have those jobs, because I believe they can all do it, if they aspire. Then we give them the appropriate training, and that is why we are working very closely with the LSCs to try to help that.

There is no panacea, no easy thing that the Corporation or, I believe, anybody else can do. You must employ people. You must do that or this.’ We have to let it be a free-world economy, but we have to then make it the best place for them to want to come here and have as many jobs. Interestingly, most of the back-room jobs have already gone out of the City and, largely, out of London, as well. They are in other parts of the UK, or they have gone abroad.

I do not think that actually matters, because in all of the research we have had done – and there was some research done recently; I have forgotten the name of the chap for the moment – that showed that banking employment was going to be increasing by 3% compound over a three-year period, despite the IT advances, despite the back-office factor, for a whole range of reasons. What we have to do is replace those back-office jobs – if we use that sort of simple analogy – with innovation, with added value, where we are actually competing and giving things that other countries, other parts of the UK, other people in London actually want. Then, there is a market; then, there is an income for those businesses, and that is when they employ people.

I am sorry if that is not a complete answer to your question, but it is, I think, the correct one.

**Murad Qureshi (AM):** It is an interesting answer. There is no doubt about that. I am just wondering to what extent you are on top of the game. Whilst all this is happening, we are almost at the point of losing the London Stock Exchange (LSE). I do not know what the latest is on that front, but that is a significant loss, I would have thought, to the City Corporation. Does that not signify the winds of change? What I have heard from yourself and in your earlier introduction sounded more like a property company trying to reinvent

itself as a BID, which, oddly enough, is an American model, where most of our competition is anyway.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I am sorry if it sounded as though I was a property dealer. That certainly was not my intention, nor, I do believe, the actuality, but never mind. I apologise if that is how you took it.

The simple fact is that we have a very good world brand that attracts a lot of people. Clearly, something like the LSE is a world-class brand, and people aspire to acquire it. One of the real benefits of the City and of London is that we are a free and open market, both for people coming in and going out – and I think that that is right – and for businesses and in terms of all sorts of financial markets. We do not mind who owns these things.

Strangely, about the LSE, the latest is it is still being looked at – on the back burner, I think – but strangely, the chief executive and chairman of Deutsche Bourse have left Deutsche Börse now. That is one factor that happened, I think, today or yesterday, so that is one thing, but actually who owns the LSE is not all that relevant. What is relevant is that it is a marketplace operating here in the City.

We have another example Euronext.liffe. Euronext took over the London International Financial Futures Exchange (LIFFE). It still has its major operations based here in the City of London. Why? Why? Their customers demand that they are here in the City, because that is where the business is, and that is why they want to be here. Of course, on the surface of it, you know – ‘LSE taken over by Deutsche Börse’ – sounds as though it is being exported to Frankfurt.

That was never going to be the case. That was never going to be the case, because the customers – who, incidentally, in different hats, are broadly the shareholders, maybe in different proportions, of the same institutions, whether that is Euronext.liffe or Deutsche Börse, LSE, or whatever – actually want it to work in the marketplace in which they operate, which is where they generate the wealth. That wealth, as I have already illustrated – not as a property developer I hope, but in terms of a vibrant business centre – is actually generating quite a lot of good for the whole of London, and all of us together in London are generating a heck of a lot of good for the rest of the UK.

**Murad Qureshi (AM):** Okay, let us differ there, but clearly, the sector that is becoming increasingly important is a tourism/leisure sector. Certainly, I am going to be a bit parochial here, as a City of Westminster councillor. It seems as though you have actively stopped the expansion of the West End going into the City Corporation, where I would like to think, actually, it sits very easily in the City of London, but you do not have the tension with the residential population. Tourism is clearly a key component of the London economy. When the numbers are up, I think the London economy generally is a lot better. Could you tell me what you are doing on that front, at least, to sell London PLC or UK PLC?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** We are certainly interested in the tourist industry and have done a reasonable amount, but I cannot say I recognise the sort of people being turned back at the boundaries of Westminster, nor would I reflect it in my relationship with Simon Milton (Leader, Westminster City Council), be that as it may.

The reality of tourism is that we are undertaking new signage. We are working on new signage. We are working on integrating it with other attractions, for example, the Tate Modern, the south side of the Millennium Bridge. We are actually working – I suppose this is public record, so I had better be careful what I say – on a new design for tourist information office. We are working on making sure that those information boards are interactive, so that we can actually put information live from the centre through to individual boards, and there are some pilot ones already going up.

We have published a little booklet – I wish I had brought one along, but I will make sure that you get them – entitled, I have forgotten the name of it, but it is *Know Your City*, something like that. It gives all of the attractions, whether they are churches, whether they are concert halls, whether they are – anything, different attractions, art galleries and so on, within the Square Mile and links in with those.

The tourist guides get pretty good access to all of our facilities, and of course, we do have within the Square Mile some pretty iconic tourist attractions, for example, St Paul's; just on our border in Tower Hamlets, the Tower of London; the Bank of England; and so on. I think there are quite a number – the Museum of London, which is a fantastic museum telling the story of London over the centuries, and we also have the Guildhall Art Gallery and many others. Indeed, we now have the museum in Docklands, albeit that that is outside.

Probably in terms of culture, Barbican Centre might be regarded by some as a pretty impressive contribution to arts, tourism, and culture in the whole of the UK, let alone in just London or in just the City. I think we probably do our bit for tourism. We do believe in it, certainly, and we are doing whatever we can to develop it in conjunction with Totally London.

**Murad Qureshi (AM):** Sorry, I should have been a bit more specific. It is the late-night economy, which is my particular concern, and I think it is very important in central London tourism history. I do think it does sit uneasily, concentrating in two or three wards in a particular local authority, whereas, if it were allowed to expand further east through the City Corporation, I think it would sit much better, for the simple reason you do not have a residential population.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** We do have some residents, and I do assure you that they are pretty vocal. I think quite a number of Members of Parliament



have places in the Barbican, for example. There are issues with it, even though we have 7,000 residents, but we do have a later-night economy now.

Indeed, we have had to take – like you have and other people have – appropriate steps in terms of policing and so on to ensure that the late-night workers – we are a 24-hour city, really, in terms of business – can get through sometimes the output of some of these night entertainments satisfactorily. They have been growing over the last few years, and indeed, the people who work in the City, because they do not always want to have to go to the West End or elsewhere for their entertainment, demand them and I think that is wholly appropriate.

**Bob Neill (AM):** I wanted to come back, Mike (Snyder), if I may, to what I thought was a very useful overview you gave us as a sort of vision as to where you see the City, in the broad sense, going and to come back to our specific terms of reference. I wonder, can you say to us, in your experience whether or not the governance arrangements that we have in Greater London, as a whole, help or hinder the achievement of that vision that you were talking about, or are they frankly irrelevant, and you can achieve the vision despite them? Are there things that we could do better? If so, what? How would you change it, if you think change is needed?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Thank you for that, Bob (Neill), small precise question. I think the answer is that we can always do things better – all of us – and we need to be constantly striving to do so. However, in the specifics, I think in terms of the financial services and related business services, and we have a reasonable understanding of it and reasonable myriad of contacts and information gleaning in order to help to further that particular necessary part of our economy.

In terms of some of the things that I think we could probably improve on with our neighbours at the GLA or whatever, I touched on in my opening remarks, which is I do believe in subsidiarity, and I believe that national governments should devolve to regional government as much as it reasonably can, and regional government to local government as much as it can. It should be at the lowest level, and I do think, therefore, that there are some certain aspects of London's arrangements where sometimes the things they try to get involved in are not necessarily that helpful to London boroughs.

I am thinking of things like planning. Strategic planning is absolutely essential to be done on a London-wide basis, but I think it should stay strategic, and it should not start being either individually detailed or particularly design orientated. It should not be: 'What does someone like?' or 'What does not someone like?' I do not mean any individually; I am talking generally. It should be: 'where should we have tall buildings? What sort of use should we have in one area?' That is what I regard as strategic planning. That is an example. Generally, get government to the lowest, most local level that it can be.

**Bob Neill (AM):** Planning is a useful one. That obviously hints, I suppose, at the criteria for what is referable to the Mayor and perhaps also the call-in powers of the Secretary of State.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Certainly.

**Bob Neill (AM):** Okay. Do you think, actually, Government Office for London (GOL) adds anything, from your perspective, to our governance arrangements in London? You wanted fairly specific.

**Councillor Hugh Malyan (Chair):** You may not wish to answer.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Clearly, GOL fulfils some function. I cannot say that I am a great expert on the entirety of them, and there are certainly some areas that perhaps could be devolved to a lower level. I do not, however, think I am sufficiently knowledgeable as to give you a list.

**Councillor Hugh Malyan (Chair):** This is between friends, I hasten to say.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Yes, and the microphone.

**Valerie Shawcross (AM):** You did mention specifically the LSCs. Perhaps you would like to comment on the quality and appropriateness of their performance, and do you think councils manage them at the appropriate level.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I do not know if I can really answer that, Val (Shawcross) – not because I am being coy or anything. I just do not know if I have sufficient knowledge of that specific area to be able to do it. I know where we are working with the non-financial services and in the skills that are needed. I am sure someone at the Corporation could, but I am not sure that I am the right person to answer that.

**Bob Neill (AM):** Okay, within the role that the GLA plays, you have hinted at some possible changes in terms of planning where you think it might be more efficient. Are there other changes you might see there?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** It is not just more efficient. It is not necessary to be interfering, and I think that we have had one or two instances in the City where I have had to personally influence things to make sure that we did not lose opportunities to attract businesses and get these big buildings, because perhaps they were not being treated in the way that, I think, the legislation was intended.

**Bob Neill (AM):** Sure. I think this is no more awkward than GOL, but frankly, does the Assembly bring very much to the feast, or not?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Oh, it is vastly more here. Sitting here is vastly more difficult.

**Bob Neill (AM):** Does it really add anything from your perspective, or does it get in the way? Is it effective in controlling the Mayor?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I think I will take the Fifth Amendment, or whatever the British equivalent of that is, thank you very much, Bob (Neill).

**Bob Neill (AM):** I think you are in a better position to answer that than me.

**Councillor Hugh Malyan (Chair):** I would look at it as a dispassionate comment. Just back on the planning, the London regional planning authority, can you be specific about the call to the Secretary of State? What do you feel about that? Should it go beyond?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Should it go beyond now?

**Councillor Hugh Malyan (Chair):** Now we have an elected authority, through the whole of London in the local and regional context, which has planning responsibilities, should there be a further calling to the Secretary of State beyond the Mayor?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I think in certain circumstances, that is inevitable, to be honest. I am trying to think of something that was not particularly likely as an example, but I cannot. If there were something that was of wider importance than to London, or that was of wider significance to some of the people that were travelling into London or whatever, then I think it is perhaps appropriate to have an ultimate appeal.

**Councillor Hugh Malyan (Chair):** That would not be the same as what it is at the moment, then? That would be interests of national importance, like another, something to do with Heathrow or something like that, but not much lower than that?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I personally feel that if we had, for Greater London, a strategic planning emphasis – you know, just a strategic planning: where should things go; broadly what sort of size, shape, use, type of use should there be – then, I think that actually the boroughs can cope with it perfectly well, and that the Secretary of State could hear the appeals.

I actually think that it is essential we have a London-wide plan, and I believe that the Mayor is the right office to do that. I am not sure that we need a great big planning department at Greater London level to get involved in the detail.

That would be my take on it, but there needs to be some appellate authority, which the Secretary of State is currently, and I see no particular reason for that to change.

**Councillor Edward Lister (ALG):** I have two areas I wanted to just probe you. One of those, you actually indicated you might not want to go into, and that is on the area of skills. The reason I want to do that is that I have a personal view – and I think it has been indicated by many other people, as well – that our skills are very much supply-led and not demand-led. Do you see that as a risk to the City, in due course, and indeed, do you have any comments at all on that?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Yes, I can comment on that because of my involvement from Thames Gateway and, before that, the London Lea Valley partnership, as well as seeing what happens in the City. I do believe the only way one gets sustainable, real inclusion is by making sure businesses are real, and businesses want to employ the people around them.

Therefore, when we are training people, we should be training them for the jobs that actually are there and that business wants to put there, not say, 'Well, here is a job loss of 100 waiters, 100 bricklayers, or 100 this.' It needs to be what jobs are actually there, and the skills need to follow the needs of business to make it totally sustainable, rather than it being, 'Well, it would be quite good to have some designers,' or 'It would be quite good to have this or that,' and then we find the jobs for them. I do not believe that that is a sustainable model.

**Councillor Edward Lister (ALG):** Skill training is coming from about six or seven different places. It is coming from schools, coming from education, coming from GOL, coming from the London Development Agency (LDA), coming from the LSCs. All these people are doing the training, while you are representing the user. How do we ever match up these things?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** What I was saying is, with the City and financial services, by working together with the LSCs for central and east, they are beginning to take note of what action needs there are of the businesses, and then help to provide the skills training to match that. I do not know how else I can answer you. I do not know exactly what GOL does in the skills area. Perhaps I should, but I do not. I do not know about the provision, but I totally agree with the premise that we need to have it demand-led, rather than supply-led, and we need to have it as simple as possible.

**Councillor Edward Lister (ALG):** Can I just follow a second area? You describe the City as almost like a giant BID.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** In loose terms.

**Councillor Edward Lister (ALG):** Therefore, business votes. Why should business not vote in other places?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Some may say that. I have to say that we have unique arrangements, because we are a unique area. I do not think there is anywhere else in the UK that I have ever been told about, seen, or whatever, that has that concentration of international, national, and local businesses that are all within a very small area that make it possible to have that focus on business – whether that is the various things that I have already mentioned: security, regulatory environment, and planning for those big buildings.

That is unique to the City, because if you had a whole residential population in another area – a big residential population – and if it is like, for example, in Westminster, very mixed up with the businesses, it does make it more difficult to deal with the needs of business without infringing the rights or perceived rights of residents. Therefore, it does make it a slightly – slightly – difficult question to answer when it is more diverse, as opposed to concentrated as it is in the City.

Having said that, clearly, depending on how or if there is going to be any localisation, as it were, of business rates or taxation on businesses, then I do believe they need to have a proper say in how much and what it is spent on.

**Darren Johnson (AM):** It follows on quite nicely from that. We had the franchise reform of a few years ago, and you talked also about widening the remit of the Corporation, so it is actually playing a role representing the financial services sector across London, Canary Wharf, and so on, and not just narrowly focused. You did mention that. Are there any further reforms that you think need to happen in the Corporation now, or do you have it right?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** As I said earlier, I do not think anyone has it absolutely right, and we constantly look for how we can improve. I do not think we have been expanding into those areas. I believe that, naturally, these businesses relate to this, as I say, the sort of 'HQ' as it were, the headquarters of financial services and related business services, and they want that concentration of involvement and the influence that we can have – whether it is in Europe or wherever. I do not think it has been expanding in that sense.

We have been doing more, but not trying to expand into other areas. In terms of the franchise, we are due to report back to Parliament in another three-and-a-half years. We just have to see how it works out. We have had reasonably good turnouts for local authorities. They have been comparable with local authorities. We have over 85% of the big businesses that have signed up for the franchise, and – I am doing this from memory – but 56-57% of all businesses signed up for the franchise, which, considering they have to opt in, and they have to deal with it, that shows quite a bit of interest from the people concerned as well as, obviously, the residents.

**Darren Johnson (AM):** Can you envisage further reforms as part of that report back and review, specifically on the franchise?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I do not think so, at the moment, but that does not mean that we will not form a view that we need to when we go back. At the moment, we have had two elections under the new system, and I think they are working reasonably well. We have had, for example, a higher turnover of members than at the last general election. I do not mean this last one: the one before, where – I do not know the statistics for this – but there was a 15% turn round, and of the 100 common councilmen that there at the moment, 25 or 26 are new over the last year and a month.

It has been a reasonable turnover of people, so I think the arrangements are working pretty well. That does not mean we will not look at them objectively in the light of experience before we go back to Parliament.

**Peter Hulme Cross (AM):** I want to go back to a couple of points that you made earlier on. You said, for instance, that the City was in a competitive environment, which was being challenged. Could you expand on that? Is the challenge coming from other cities, or is the challenge coming from within our own society with our own Government?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** No, it is coming from other countries. It is not so much coming from Europe, because most people generally regard us, within Europe – I mean in continental Europe as well – as their international financial centre as well. The challenges, obviously, are always coming from New York, although there are certain issues that they have managed to make their regulatory environment quite difficult at the moment, so that gives us a slight edge.

It is coming from the Far East, from Singapore, because we are not just financial services, we are markets, as well. We are the third largest insurance market in the world. Certainly the largest in Europe by a long way. We are the leader in terms of shipping, and the shipping services in the world, but there are challenges, in Singapore, for example. Financial markets: clearly while Tokyo is largely domestic – it is largely national turnover – and New York is largely American turnover, it has international business.

We have vastly more international business here than anywhere else in the world, but there are a lot of people who would like to steal our crown. There are a lot of people who would want to make a better regulatory environment, a better tax environment, easier employment situations, and so on, so there are lots of factors that go into what is competitive. We can never, never afford to be complacent. Having said that, we have, as I have said, as a critical mass of businesses, more American banks in London than there are in New York, and we have more Japanese banks in London than there are in Tokyo, just to give you two cheap statistics.

We do have a critical mass of people, skills, and so on, but at the same time, we have to be very aware of what might happen in China, in India, in Singapore, and elsewhere. That is what I was meaning by, 'It is a free world market.' For example, the big banks – and I think Sir John Bond, chairman of HSBC, is on public record as saying every five years, they look at where their worldwide headquarters should be. A vast organisation, they do not have to be here. We have to make them want to be here, because it is right for their business.

Other chairmen and chief executives of these banks say, 'We will never move out of the UK, but we can move our headquarters out of the UK.' It is not a matter of just pulling out. It is a matter of where they base their activities, and that is where the tax revenue goes, so we do have to be very careful.

**Peter Hulme Cross (AM):** Okay. What you just painted is a very international picture from west to east, and Europe was actually somewhat a passing remark. I notice that you have office in Brussels, which you mentioned before was focused on financial services, whatever. Just what does your office in Brussels do? In what way does it influence anything – if that is what it does? It is not a trick question; I am just trying to find out what they do?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** No, I understand. We have had it open since autumn of last year, really. I think it was July of last year, and we had an official recognition of its opening – because we had the change in the Commission, the change in Parliament, and so on – a month ago when I went over to the European Parliament in Brussels, and there was a very big reception.

What does it do? It does show one fundamental thing, which is the City – the brand the City; I am not talking about a geographic location, but the brand the City – was seen, and a number of the politicians from other countries said, 'It is good to see you here and involved and engaged.' That is one good reason. They believe we are there and engaging in the business of Europe, in terms of regulation, in terms of the financial markets, and so on. A lot of things start in Europe – in the Parliament, in the Commission – by ad hoc conversations – ideas, germs of ideas that happen in the corridors or in ad hoc meetings and so on.

We need to be close to that to find out what they are and how it is going, so we can influence it, because once the train of a Directive is started, it is quite difficult to put it onto a different track. Therefore, we have to influence at an early stage. It is early-warning radar; it is forming liaisons, working arrangements, and partnerships with other countries in Europe in order to make sure that we get the best possible environment for financial services here in London.

**Peter Hulme Cross (AM):** It is simply business reasons.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Of course, yes.

**Peter Hulme Cross (AM):** The other thing that I was interested in was the ownership of the LSE. You said actually, it does not matter whether Deutsche Börse or anybody else owns it. In fact, one conversation I had with somebody a while back seemed to think that there were distinct advantages in the Deutsche Börse owning the LSE. We did not finish the conversation, so I was not able to find out exactly why he thought that, but could you expand on that perhaps a little bit more?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I do not know if I can tell you the reasons why that chap said that it would be good if Deutsche Börse owned the LSE. I do not mind who owns the LSE, because it needs to have a free market in its shares. The LSE needs to operate in London, because that is where the market is.

There were some competition issues in terms of Deutsche Börse, and no doubt there will be in terms of other players, because obviously there are relatively few players in the business not only of the markets, but also of clearing and settlement, which is another issue. Deutsche Börse had a vertical silo. In other words, their own people dictated the clearing and settlement.

**Brian Coleman (AM):** What functions that the Corporation currently undertakes do you think you should give up? We have asked you what you think GOL should give up, and what you think this Assembly should give up. What do think the Corporation should?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Frankly, we have a range of activities that sits pretty well.

**Brian Coleman (AM):** I notice your commitment to subsidiarity and things should be done at the lowest possible level, so why do you still carry out managing Hampstead Heath...

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Thank you for that, Brian (Coleman).

**Brian Coleman (AM):** ...and Burnham Beeches?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Probably because we have a certain expertise in running 10,500 acres of open spaces for London – at no cost to any tax- or rate-payer. Now, that is something that most people who adjoin...

**Brian Coleman (AM):** I understand that, and I understand the good work that the Corporation has done, particularly in my constituency – Hampstead Heath, Golders Hill Park – but if you accept the argument of subsidiarity,



those parks and open spaces should be run by the local communities that use them or either by local councils.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I do not think that, in the case of Hampstead Heath, the local councils remotely want to operate those, so I do not know quite where we are going. I do not think, equally, the councils adjoining Epping Forest – if you talk to the leaders of the various councils – would share that view. It is a service that we offer to the whole of London, and most people are quite glad we can do it.

**Brian Coleman (AM):** Do you think you could run the Royal Parks?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I do not think I would like to go there.

**Brian Coleman (AM):** Why run Hampstead Heath and not the Royal Parks?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Historically, we do not own the Royal Parks, probably is about as near as we get to it.

**Brian Coleman (AM):** You talked to Darren (Johnson), and in response to questions from Darren (Johnson) about the extension of the franchise, so you judge it a success.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Yes.

**Brian Coleman (AM):** Would you say it has improved democracy in the Corporation?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I think we are a very democratic place, Brian (Coleman), and I will explain.

**Brian Coleman (AM):** Perhaps you can explain why, if improving the franchise is a good idea, why most of your 100 common councilmen were unopposed.

**Councillor Hugh Malyan (Chair):** Right, can we hang on just a moment, please? If we just recall that, with the greatest respect, Michael (Snyder) is here as our guest to give us views from a City of London perspective about the whole of London and governance arrangements. He is not here to take a battering over the arrangements, whether we like that or not. Please, if we could keep this to the wider issues about London.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** All I would say, if I may conclude just on that point in the spirit of friendly cooperation with Brian (Coleman), as usual, the simple

fact is that I do believe it is democratic, for the very reason that those people that are actually affected by paying and by receiving and needing the services are having a vote in a very unique area and a very unique way.

If you do not think that we are democratically elected, believe you me, I – in order to get to this position – had to go through three elections. One, I have to be elected to the Court of Common Council. Secondly, I have to be elected – in secret ballot, I hasten to add – by the members of the Court of Common Council to the Policy and Resources Committee, then, again in a secret ballot, to the Chairman of the Policy and Resources Committee. I do honestly believe we have democracy in every real meaning of the word.

**Valerie Shawcross (AM):** I would vote for you, Michael (Snyder).

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Thank you, Val (Shawcross).

**Graham Tope (AM):** I was just wondering whether you had thought of introducing a party whip system.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Can you come and do it for me, Graham (Tope)?

**Graham Tope (AM):** I have to say; I think we have been testing the City's neutrality and Michael's (Snyder) diplomatic skills almost to the limit sometimes, especially with 'Jeremy Paxman' over there. I shall, of course, characteristically be much more gentle.

Michael (Snyder), we have referred several times to subsidiarity and new departures for you. I think I define it in the opposite way to you, but we mean the same thing, which is devolving things down to the power. I will ask you an open question: in terms of London governance, i.e., from central Government down to London borough government – City government, in your case – or even possibly at a level below that, what would you like to see more devolved? I know we have talked about planning.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Planning is one of those things that I do feel fairly strongly about. Transport, in certain aspects – I do not mean rail transport. I do believe that London needs to have its own say in Transport for London that affects...

**Graham Tope (AM):** Forgive me interrupting. Do you mean the London Rail Authority, as well?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I mean that I believe that there is a good case for having totally integrated national networks, but with a London focus for Londoners and for those who commute into London, so it is seamless. I do

not know how we are getting there. There are some arrangements, but we will have to see how they work.

**Councillor Hugh Malyan (Chair):** Controlled by Londoners, so is there representation, or still nationally?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I believe that the network needs to be integrated. If we take Crossrail, for example, there is a different – this is a serious point. If we look at the way Crossrail may operate, if it operates as a distinct, standalone railway, it will not cost a lot more, it will not be as useful in delivering extra transport facilities for Londoners, whether they commute in from around London, whether they travel across London, or whether they come internationally from Heathrow into London.

If we integrate that so it is regarded as a facility of lines and tunnels that are integrated with the whole network with rolling stock being able to – subject to its fire hardening and all the rest of the health and safety things – run through it by all sorts of different networks, we have a much more cost-effective and much better system. All of these things need to be linked together. Operationally, that means, I believe, they need to be linked in a national way.

However – and this is the crucial bit, there has to be a very, very, very strong Greater London influence on that. In other words the control, if that is the right word, in terms of what services are required, what sort of pattern, how we expect it to happen in London, should be decided by the London-wide authority, whatever form that takes – the Mayor, in this case.

**Graham Tope (AM):** I understand that you would mean perhaps TfL.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Yes, but responsible to the elected Mayor, for example. I think that that is very important, but I was also specifically meaning the roads. We are seeing all sorts of expansion of the influence and responsibility of TfL into borough roads and the City roads in a way that I do not know is particularly helpful.

**Bob Neill (AM):** Quite right.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I know it is intended to help the flow of buses and so on, but I just think it has gone a bit far and is in danger of going a bit far. That is the sort of thing that I am now talking about. Responsibility for waste – we need to get some coordinated response to this. We all know that one of the main facilities that a number of central London boroughs use for their waste is going to be full by 2007, and then we are going to have tens of thousands of lorry movements – heavy lorry movements – thundering across London until we sort this out. Where is it?

We have certain people not wanting to do anything about it, because everything is going to be recycled. Well, I do not believe that it will be recycled by the time that we are going to need it. I am not sure you can ultimately recycle absolutely everything. No one will take decisions. The Government is going through enquiry after enquiry, and we are not actually solving the problem, so I think that that sort of thing should be London wide – decide; get on with it. That is another example of where I think it can come down from a responsibility by the Secretary of State for Productivity, Energy and Industry (Alan Johnson).

**Graham Tope (AM):** Would you like comment on the continuity of the Government?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** No. No, seriously, I think there are a number of things, and I think there is some scope for looking at some of what GOL does. I am not a great expert on the subject, but I have seen certain parts of it. For example, the London European Programmes Committee – I am sure you are all aware of this – which decides on the European Objectives 1, 2, and 3 and areas and so on. I see no reason why that cannot be done at a regional level, i.e., a London-wide level, rather than a national level.

**Graham Tope (AM):** You do not really devolve power, unless with it you devolve the ability to raise the necessary funding. How would you like to see the government of London funded? I ask you particularly with reference to your City interest and the comments you made earlier about businesses, tax, and so on.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I do not know if I can give a definitive answer on it, because I am not sure that I have thought through the whole principles of how it might happen. I do think that this partnership working, this collective working is a good one. I think that if the boroughs were to collect some of the business rates, for example, and then there were certain agreements – maybe statutory agreements – whereby they had to be shared and managed on a regional basis, that might well work well.

What would be difficult, and I think not very helpful, is if there were some funding that came all the way through the Greater London government, as it were, and that then had to be passed down to the boroughs. Effectively, as you were intimating before, the power would shift considerably away from the boroughs and take it away from the people that are actually electing their local representatives to deal with it.

I think there is a case for some funding to be done at regional level, but some funding to be done at borough level.

**Graham Tope (AM):** On the regional level, then, I know you are not a fan of local income tax. What about regional income tax?

**Darren Johnson (AM):** Neither is Charles Kennedy (Leader, Liberal Democrats), apparently.

**Graham Tope (AM):** I realise I am treading into sensitive areas, and I am quite happy to go there. Specifically, the Mayor, when he gave evidence to us, actually spoke, I think quite supportively, not of local income tax – he has gone off that a bit, I think – but actually of having a regional income tax. He thought it made much more sense at a regional level.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Can I say, Graham (Tope), that I refer you back to our competitive position. We have to remain competitive in world terms in terms of all direct taxes and indirect taxes, whether that is income tax, National Insurance, whether it is a regional income tax, or whatever it is. Whatever happens, we cannot increase the tax burden on the people that are generating our wealth. If we do that, in a headline way, certainly, then we will deter the world-class businesses from being based here.

Therefore, I am not saying that you could not perhaps divert part of the existing income tax or other tax to regional or local government. That would be entirely okay. What it should not be is an additional tax burden.

**Graham Tope (AM):** That is, in a way, a separate issue. The level of tax is a separate issue from the way that you raise it.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** You can hypothecate it, can you not?

**Graham Tope (AM):** Yes, you can, in all sorts of different ways.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Well, we get all sorts of different ways now, do we not?

**Graham Tope (AM):** I know the City of London is largely excused from the Mayor's precept, but the rest of London is not, and the rest of London – most Londoners – actually are supremely unaware of the Mayor's precept, unless you happen to be a borough council leader coming up to council tax time. Would it not be clearer if the GLA was raising its own funds in a more directly transparent and accountable way?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** That may be the case. I do not know if you were an ordinary resident of...

**Graham Tope (AM):** I am an ordinary resident.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** ...and not an Assembly Member or a member of any other body – if you were somebody that was uninitiated in the way of

serving as a politician, would you wish to receive two, three, separate demands in addition to your income tax for local payments? I suggest that that is probably not the most attractive way of doing it.

**Graham Tope (AM):** I do not want to get into an argument, because that is not my purpose here. I might prefer not to receive any, but I get a water bill, a sewage bill, electricity bill, a gas bill, several phone bills.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Indeed.

**Graham Tope (AM):** It is a different argument, but I think actually, yes, in a way, it would be much clearer how much I was paying for the GLA.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Most of that is for the Metropolitan Police Service (MPS), is it not, and the Fire Brigade.

**Graham Tope (AM):** Well, indeed. I am glad you raised that subject. What is the argument for having the City of London police force, other than exempting you from most of the Mayor's precept?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Well, we have to pay for it, of course, as you know, Graham (Tope). Indeed, we do put an extra amount on the council tax to cover the extra bit.

**Graham Tope (AM):** My real question, Michael (Snyder), as you well know, is: why do we have a City of London police force? Why is it not part of the MPS?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** It is a focused police force on specific areas, in addition to other things like, for example, ward or community policing and so on, which is the same as other people have as well. We actually have a focus on white-collar crime. Indeed, the City of London police are now the lead force for the whole of London and the southeast in terms of white-collar crime.

Why? Why can that happen? In its policing plan, it does not have to put as a top priority – quite rightly as the MPS does and other police forces – the community, and I do not mean community policing, but community-based things and the things that residents are very interested in. That is right and proper. There is nothing wrong with it, so I am not criticising it. I am just accepting that it is slightly different from the focus that can be put in a uniquely business area by a unique police force.

That is not only on the physical security, where there is, as you know, enormous cooperation and joint working with the MPS, but specifically, in having additional funds, which we have raised from our business ratepayers by surcharge and extra on their business rates to pay, and we have extracted

a little bit of extra – only a little bit of extra – Home Office money in order to be able to get some skilled police officers to work alongside the Serious Fraud Office.

Why is this important? Well, it would not be important, if you had a largely residential base, because they would say, well, what does it matter if there is a bit of fraud, as long as it does not affect us? Actually, it affects the integrity of the market. That integrity of the market keeps us earning billions of pounds in overseas earnings and helping to fund London and the rest of the UK with the rest of London. This is fundamental.

We have to have the focus, and it would not be possible, if you had a largely residential population to address – a largely residential electorate. It would not be possible to put that as the priorities, and I think that is a very important – there are lots of others, but is the really important facet of why it needs to be separate, why it needs to have a separate focus and be specifically relating to this unique business district.

**Councillor Steve Hitchins (ALG):** I do not want to continue this apparent persecution of the City, Michael (Snyder).

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I have not felt that at all, Steve (Hitchins).

**Councillor Steve Hitchins (ALG):** Splendid. Well, let us hope it stays that way. The question is, 'If the City did not exist, would someone invent it?' It seems to me that you have made a very logical and impassioned argument in each of the services, but each time, you wonder why you have bothered. You are a housing authority, but you have – apart from Golden Lane – as far as I know, very little housing within the boundaries.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Mansell Street, Middlesex Street.

**Councillor Steve Hitchins (ALG):** Yes, but I mean, there are stacks of it all over London, as well, is there not?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** We do help you, and others, yes, absolutely.

**Councillor Steve Hitchins (ALG):** I know. You are more of a registered social landlord than a housing authority. Then, there is also, the education, where you are helping with other boroughs with education, but you just have one primary school within the boundaries. If the City did not exist, would someone invent it?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I do not know the answer to that question.

**Councillor Steve Hitchins (ALG):** You are arguing from a very historical perspective, and you have 1,000 years of rehearsing these arguments, very practised.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I did not think I looked that old, Steve (Hitchins), actually.

**Councillor Steve Hitchins (ALG):** We are now looking at a new form of London governance. Aside from your natural position to defend and justify – very eloquently and very persuasively – what you have, if you were starting from scratch, would we have the City Corporation?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I cannot answer that. It was the centre and start of London, actually, and it was the centre from which the rest expanded. That is history. There is nothing I can do, and there is nothing any of us can do about it. That is actually as it was. What has happened is it has evolved over the centuries – both the whole of London and the Corporation and the City – and it now is in a form that happens to work, happens to enable it to focus on this unique international financial centre and business centre, in a way that makes it world class and world successful that is a power house – an economic power house – for not just London, but for the whole of the UK.

Do we, if it is not broke, fix it? I suggest to you, we do not. The fact you say about one primary school is absolutely right. There are also adults, children, and so on, so we have new arrangements as well. When you say we help with education in other boroughs, you are talking about, for example, City Academies, and we do that, but we do not do it out of ratepayers or taxpayers' funds. We do it out of our historic funds.

**Councillor Steve Hitchins (ALG):** That does not make any of us feel any more comfortable.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I do not know. You are speaking for everybody.

**Councillor Hugh Malyan (Chair):** I am not sure all of us are uncomfortable, either.

**Councillor Steve Hitchins (ALG):** No, indeed. I am just saying, actually.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** It just seems to me that we need to concentrate on what really works, and what really works is we have this unique authority, this unique area, that actually engages the interests and activities of the business community, that then makes a difference to the UK PLC. I am not saying there could not be other forms. I am not saying that it is not based on history. I am not saying it would be invented exactly as it is.



Maybe – maybe – if it were not there, London would not have had this world-class, international financial centre, and then where would London be? Not only London, UK and Europe, because there are over €33 billion of gross domestic product (GDP) that depend on the City of London in Europe and over 100,000 jobs in the rest of Europe. We should not knock it, because if it does not exist here in the City and in London, it will not go to anywhere else in Europe, it will go offshore Europe, and we will lose the benefit of it.

It seems to me that rather than saying, 'Why is it like it is?'... Why is the Houses of Parliament like it is? Why is anything like it is? The fact is, we have structures, and it seems to me that the Corporation of London – and I am certainly not trying to be defensive at all – actually fulfils a useful role for London and for the nation, and indeed for the business community.

It seems to me that while we are engaging, as we have been doing over the years, with our friends and colleagues around us, and while we are recognising that we cannot be an ivory tower, isolated, and we are engaging with those communities – and my goodness, we do engage with those communities – then it seems to me that this is the right vehicle for the international financial business centre.

**Councillor Hugh Malyan (Chair):** I have a couple of disparate points I just wanted to pick up on Michael (Snyder). It sounds a silly question, but when you refer to your relationship with the LSC – and someone was making the point about whether it was demand or supply led – I was just interested to know whether you went after the LSC, or whether he or she came to you.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I cannot actually answer the question. I do not know. It would be silly for me to say. I do not know. It happened between the officers, so I really do not know who approached whom, but I know that it is a good working relationship, and I think that is the important thing.

**Councillor Hugh Malyan (Chair):** That is about influencing the LSC. You know from the demand side what sort of job skills, skills sets are coming through.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** By listening to our businesses, not by us deciding what they are, and then telling the businesses.

**Councillor Hugh Malyan (Chair):** It is really, quite obviously, in your interest to make sure that the LSC understands that and is funnelling that information out to colleges, universities, etc., yes?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Quite so, Hugh (Malyan).

**Councillor Hugh Malyan (Chair):** Are you happy that they are doing that?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I cannot answer the question. I do not know the answer to the question, but what I would say is it is not just important to our businesses. It is also important to all the communities around.

**Councillor Hugh Malyan (Chair):** Absolutely, it is.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I really believe this, which is that if one actually gets people to aspire to do things – one has a high expectation of them – they normally rise to the occasion. That happens in business, and I am sure it happens in all of our various walks of life. We just have to get them to want to do these things, to actually believe that they can do those things, and that needs some skills, but it needs some coordinated approach to get examples of where it can happen.

**Councillor Hugh Malyan (Chair):** One final – and I do not think it will be at all controversial – question: the Assembly, here. What do you think about the Assembly? Is it serving a purpose?

**Darren Johnson (AM):** Bob (Neill) asked that.

**Councillor Hugh Malyan (Chair):** Did you, Bob (Neill)?

**Bob Neill (AM):** I did it so subtly and so discreetly.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** He did not get an answer, either.

**Councillor Hugh Malyan (Chair):** Is it serving a purpose? Does it work, does it need to be changed, or could we do without it? Should we have a council of borough leaders come and be the Assembly Members?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I do not know if I am best qualified to contribute. What I would say is that when you have such a large and great city as London as a whole, there needs to be some scrutiny, some accountability, not just to the electorate, but to others who might be able to go into these issues in more detail and with more knowledge, so to be able to have an interaction with the Mayor. I do think there needs to be a balance. Just having no Assembly and a Mayor, or...

**Valerie Shawcross (AM):** Just on this Assembly point, you are very involved in the whole area of economic development. Do you think that the Assembly should be scrutinising the LDA a bit more actively and effectively? What is your relationship with the LDA?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** My relationship with the LDA is fine. The chief executive, Manny Lewis, is doing a good job. I think a number of things need

to change. The chair (Mary Reilly) is doing a good job. It needed to be – and I think this has been widely recognised – going out from thinking about things, deciding policies, deciding strategies, deciding whatever – research and so on – to actually doing some things.

I am going back a little way, and it is beginning to do that. This is not a quick process, so we have a very good working relationship with the LDA in terms of the things that we get engaged. I would not like that to be an overall appraisal of the LDA, because I do not think I am qualified to do that.

**Valerie Shawcross (AM):** Do you think Greater London Enterprise (GLE) should continue as a separate entity?

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** ‘Yes,’ is the simple answer to that. GLE does a very good job, and it really does bring together the ability to create business and be an independent business, and on the other bring some social enterprise and value there. There are a number of other examples of that: Training for Life, which I am a trustee of. That is a good model, where you have a business that can sustain the social inclusion and bringing people back into employment.

**Councillor Steve Hitchins (ALG):** You were talking about the Assembly, but how do you feel your residents feel represented on the GLA? I am not talking about the quality of the representation, but as an institution.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** To be honest, I have never had it raised as an issue, one way or the other. Our residents have a very direct say into what goes on at the Corporation. They sometimes get cross about, you know, like the time when the Congestion Charge starts, and things like that, but they do not have any comments one-way or the other.

**Valerie Shawcross (AM):** The population of the London Corporation is an interesting factor on the number of mayors that can actually compete, because you have to have 100 signatures per borough.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I am sorry; I do not understand the question.

**Valerie Shawcross (AM):** I know, it is just a point.

**Councillor Hugh Malyan (Chair):** I am going to call a halt to it there, because I know Michael (Snyder) has to get back to the Corporation, and just say, Michael (Snyder), thank you very, very much for that. Not only has it been extremely informative, but also it has been in a good, knockabout way.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** I feel well knocked about, Chairman.

**Councillor Hugh Malyan (Chair):** Thank you for coming and being our guest and giving a pan-London view of what is working well in London and what maybe needs to be worked on in the future. Thank you very much.

**Michael Snyder (Chairman, Policy and Resources Committee, Corporation of London):** Thank you very much, Chairman.

**Councillor Hugh Malyan (Chair):** Colleagues, do not all disappear, because this is a formal meeting of the Commission, in addition to being a hearing, as well, and we have a couple of other things on the Agenda, if you could swiftly turn to those.

**Councillor Steve Hitchins (ALG):** For the record, could I put down that I am also a director of GLE on the register of interests?

**Councillor Hugh Malyan (Chair):** Right, yes. Thank you, Steve (Hitchins).

**24 May 2005**

## **Commission on London Governance: Ninth Hearing**

### **Evidentiary Hearing on the NHS and Health Services in London**

The Commission heard from the following panel on the NHS and provision of health services in London:

- Carolyn Regan, Chief Executive of North East London Strategic Health Authority
- Stuart Bell - Chief Executive, South London & Maudsley NHS Trust
- Kathy Jones (Director of Service Development, London Ambulance Service)
- Caroline Taylor - Chief Executive, Croydon Primary Care Trust

#### **Present:**

London Assembly

Association of London Government

Cllr Hugh Malyan (Chair, chaired the hearing)

Cllr Cameron Geddes

Bob Neill (Deputy Chair)

Cllr Steve Hitchins

Darren Johnson (AM)

Peter Hulme Cross(AM) substituting for Damian Hockney (AM)

Valerie Shawcross (AM)

### **Transcript**

**Councillor Hugh Malyan (Chair):** We go on then to the main substance of our meeting today. This is, for the information of colleagues, the ninth evidentiary hearing that the Commission has carried out. We are on the subject of health today. I am very grateful that we have five very senior people with us today representing various strands of the health service. We start with Carolyn Regan (Chief Executive, North East London Strategic Health Authority). We also have Stuart Bell, Chief Executive of the South London and Maudsley National Health Service (NHS) Trust. Kathy Jones (Director of Service Development, London Ambulance Service). Caroline Taylor, Chief Executive of Croydon Primary Care Trust, who I know through a Croydon link. I do not think that is quite a declaration but it is acknowledged anyway. Cally Palmer is on her way. Cally Palmer is the Chief Executive of the Royal Marsden NHS Foundation Trust.

I know that Carolyn (Regan) is leading the group, as it were. Carolyn (Regan), as I explained earlier, we keep it pretty informal, and colleagues will

come in with their questions. However, as I had outlined to you previously, if you would like to kick off and make a few minutes' worth of general opening remarks, we would appreciate that, and then it can feed us in to our questions.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** Great, thank you very much and good afternoon and thank you for the opportunity of meeting with you this afternoon. As you see, we represent the whole of NHS in London and hence the variety of individuals sitting next to me. I wanted to make five points really, briefly, by way of introduction. The first is that London and London's health services are working. You can see this, in fact, in the Greater London Assembly's (GLA) Annual London Survey, whereby the proportion of Londoners agreeing with a statement that London is a city with good-quality health services, has improved over the last three years. That is not to say we are complacent; there is always room for improvement. However, we are building on a position of strength. The building blocks are really the joint arrangements between Primary Care Trusts (PCTs) and boroughs, which are co-terminous as you know, in London, with a number of joint appointments – joint directors of the public health for example. Then obviously, we have common cause with other public services in London; organisations that are represented here today, and a common cause of improving health and the well-being of Londoners. Therefore, the first point is really about building on a position of strength.

The second point is about partnerships. We enjoy partnerships at local level, and also at pan-London level, with for example, the Metropolitan Police; London Transport; local authorities; Neighbourhood Renewal, etc. We have some joint work around regeneration and with the business community via London First. Therefore, a number of partnerships at different levels, and we want to build on those partnerships. We acknowledge a greater need for public involvement in local health services, and we do have two new things as part of the NHS territory; Foundation Trusts (FTs), which I am hoping when Cally Palmer arrives she can talk a bit about that; and patient and public involvement forums. Our challenge is to make sure that the health services we provide reflect the needs of Londoners, which are diverse, young and mobile, and in fact, the NHS produced a document called *Excellence in Health* which is about, we believe, the needs of Londoners in the NHS.

The NHS is already highly scrutinised. The Department of Health receives more Parliamentary questions than other Government departments, some of which in the last year are about health services in London. We are, of course, accountable to the national Government via the Secretary of State (Patricia Hewitt). We enjoy overview and scrutiny committees at local borough level, and we would like to also use the argument that research shows when you reorganise substantially you can lose momentum, and our emphasis is on improving health services for the benefit of Londoners. We believe that there is good work in train and we want to build on that. Thank you.

**Councillor Hugh Malyan (Chair):** Okay.

**Valerie Shawcross (AM):** Apologies for my late arrival.

**Councillor Hugh Malyan (Chair):** Thanks, Valerie (Shawcross). Carolyn (Regan), thanks very much for that. I am going to kick off. I should have said we had the opportunity before, over lunch, to talk to other members in the health service. We had a meeting – a sort of working lunch – with the London Ambulance Service and University College Hospital. I have also recently had a meeting with John Bacon (Group Director of Health and Social Care Services Delivery, Department of Health), which was very, very helpful for me.

The issue about the Strategic Health Authorities (SHAs) and the five we presently have. Obviously, looking back we had one, did we not, up until 2003 there was – 1999, I think, through to 2002 – and then we have gone to the five. What have the benefits been to Londoners from that abolition of the one region in 2002 and the introduction of the five?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** The five SHAs in London are the headquarters of the local NHS and we are responsible for the performance management of services and the strategic direction and delivery of health services. The data that I referred to from your own survey shows that there have been, and continue to be, significant performance improvements. I would pick out three particularly – cancer, cardiac and perinatal services, London-wide, have improved over the last few years and continue to do so. Therefore, the first point is about improving performance.

The changes were also about devolving responsibility and finances to a local level; to PCT level which are co-terminous with boroughs, and Caroline (Taylor) might want to come in on that. We do obviously, as five SHAs, have to work together; we have lead roles. For example, I am the lead in relation to the GLA and the Mayor, and one of the things we have done as a group of five is to set up the Healthy Urban Development Unit which is based here, which helps with planning of health services across the capital. Therefore, there is some joint working; services have improved. The building blocks are very much the PCTs and the boroughs. Another responsibility is to develop London-wide approaches, where they are relevant, and I would use the work on Tuberculosis (TB) as an example of that. I do not know if Caroline (Taylor) wants to come in on PCTs?

**Caroline Taylor (Chief Executive, Croydon Primary Care Trust):** I am happy to talk about PCTs now or to come back to that.

**Councillor Hugh Malyan (Chair):** Can we just actually come back to that? Can I just progress that point one bit further. The improvements you have outlined are there and obviously they are very welcome; they will be welcomed by Londoners. Though obviously, was that specifically because we now have five SHAs, would those improvements not have been delivered under the shortly lived one SHA?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** I think that having five has enabled us to focus specifically on performance at SHA level. I think it has been that the drive for improved performance at that level – and I can talk specifically using North East London as an example – where we have seen significant improvements in access to health services compared with three years ago. That is, waiting times in Accident and Emergency (A&E) departments, waiting times to see a general practitioner (GP) and those sort of access issues. I think the drive on performance has been part of that. I think there are other benefits, focusing on partnership working where we have worked together across London. I would use recruitment and retention as an example where we worked together, for example, to pilot cadet schemes in health and social care, which has been very successful in terms of recruiting local people to work in those public services.

**Stuart Bell (Chief Executive, South London & Maudsley NHS Trust):** Could I just add a couple of points, really to try and pick up on your question. The first is that if you go back to the period when there was a single London region, in practice the way it worked was by dividing London into five sectors. I think there is an issue about, given the scale of London, what are the manageable sorts units, and what are sensible kinds of health systems within it, in order to be able to cope with that. The second point that I would make is that at the time there was a London region, there were 12 health authorities rather than the 30-odd PCTs that there are now. I think that, going back to the point Carolyn (Regan) made about how the development of those PCTs and the development of the responsibility and the links at a local borough level, would have been very difficult to have achieved to the extent it has been, by a single body that had to relate to all of those at the one point. Therefore I think you have got to look at those manageability issues as quite an important factor in the history of that.

**Councillor Hugh Malyan (Chair):** Okay, thank you. Finally on this, before I move on to colleagues, and possibly or potentially more controversially, when we had the single authority between 1999 and 2002, and then this major reorganisation – 28 SHAs, five in London – felt in Government that maintaining a single London region would unbalance a structure based on smaller SHAs – or could be put by the less articulate – that would lead to one too big, muscular body for London, compared to everything else around it and perhaps particularly the Home Counties and wider afield, whatever. The question, which you may not wish to answer, is the change from one to five – are we talking about internal potential improvement, instead of internal improvement in London, or rather external balance against London, if that makes any sense? As we are here to talk about London, and we are not hiding that fact – this is a commission about London and its governance structures – would London benefit more by going back or to a new form of single strategic structure, regardless of what happens – whether it is detrimental or neutral to the rest of the country?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** I think that we are now at position in time where there are clearly



some issues which require addressing and resolving on a pan-London basis. I would say they were issues to do with strategic planning, capacity planning and workforce, to pick the top three. What the five SHAs have decided to do yesterday, is to commission a review of those functions which could better be coordinated at a London level, and to discuss with partners, both inside and outside the NHS, in local government, other partnerships, the best future configuration. We are hoping that that will report in September. That is really about taking forward exactly those arguments that you have used. It is about what works best for Londoners, and that is our primary interest and certainly our common cause.

**Bob Neill (Deputy Chair):** I was interested in that, because I think the helpful written submission that you made to us, and it is in the second paragraph of the summary, talks about being an ongoing evolution of NHS structures, and that with the development of FTs and local security and so on. I was interested to see you hint that that this was likely to result in the reduction of the number of PCTs and SHAs.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** Yes.

**Bob Neill (Deputy Chair):** That is a realistic assessment of the position?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** I think if you follow the logical conclusion which is, over time, Trusts become Foundation Trusts, and I was hoping that Cally (Palmer) can give you some real live examples of how they are beginning to work, and the evolution of patient and carer involvement to a much greater extent; development of scrutiny and partnership arrangements; then the natural progression is in that direction. What we want to do is to take views to inform that movement and actually come up with something which is in the best interests of local health services and working with partners.

**Bob Neill (Deputy Chair):** Therefore in that sense, the number of SHAs is not perhaps the key issue here.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** I would say two things. First of all, your point about, 'It is evolution rather than revolution?' We need to move forward on the improvements that we are making. The co-terminosity at borough level and the Local Strategic Partnerships (LSPs) are clearly key to that. The question for me is, what needs to be done at a strategic London-wide level? I would also want to keep the focus on performance, which we have mentioned in previous answers, because that is actually what is driving the improvements in services, both in terms of access and health services.

**Kathy Jones (Director of Service Development, London Ambulance Service):** Would it be helpful if I were to use the London Ambulance Service as an example of how it is actually quite difficult to decide on what level to organise different things?

**Bob Neill (Deputy Chair):** Can I just finish the SHA bit first?

**Kathy Jones (Director of Service Development, London Ambulance Service):** Certainly, yes – although it does relate to that.

**Bob Neill (Deputy Chair):** Perhaps it may be helpful to your answer if I dealt with it. There are those who would say, if they were being the devil's advocate, that in fact there were very significant improvements in London during 1998 to 2001 when there was only one health authority, and that the real reason – as the Chair has hinted at – for their being five, was the feeling that it was a matter of internal imbalance, rather than that five was a better configuration to deliver service improvements.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** I think some of the partnerships, both at PCT and borough level, have progressed enormously in the last few years, and you might want to come back to that. I think also at a London level, the partnerships for example with the GLA – I mentioned the Healthy Urban Development Unit; with some of the issues relating to Europe; with some of the GLA issues – have progressed significantly in the last few years. It is those things we would want to want to have a look at.

**Bob Neill (Deputy Chair):** Can I take it that, for example, the boroughs and the London Assembly and perhaps even this body – if we are still in existence – will be people whose views will be sought?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** Absolutely.

**Bob Neill (Deputy Chair):** That is helpful. That is effective. I know Kathy (Jones) wanted to come in, that is fine.

**Kathy Jones (Director of Service Development, London Ambulance Service):** Thank you, yes.

**Councillor Steve Hitchins:** Sorry, Chair, I just wanted to make sure before we get too far that I do declare my interest because I am a non-executive member of Islington PCT.

**Councillor Hugh Malyan (Chair):** Yes, thank you.

**Councillor Steve Hitchins:** Sorry, sooner rather than later.

**Kathy Jones (Director of Service Development, London Ambulance Service):** I would say I think though, the London Ambulance Service is quite a good example of why this is actually a very difficult question to answer in reality. We are a London-wide organisation, and that makes sense because it means that we can share resources and send them to the place that it is needed the most; regardless of where it is. That makes sense. That means at

the moment we are commissioned by 32, 33 PCTs, but we have an arrangement whereby five of them speak on behalf of the others in their SHA area. South West London SHA leads for the others, in performance managing us. That is how the NHS in London have managed to arrange things under the current structures.

However, when it comes to what is actually important for patients, that is very much more local. One of the things that we are really working to do is to change the services we provide so that we are providing services for people who actually ring us; most of whom do not have a life-threatening condition, which you have probably seen from the adverts that we put about. Many of them are people with social needs, mental-health needs and a range of other needs which often require a multi-agency response, not even a single-agency response. The only way of getting it right for those individuals is for us to work at a very local level – it is even smaller often than a borough level. It is often the locality team. When you are talking about what really needs to happen to improve services to patients, it is at a very local level indeed. However, the governance is on a much wider level.

**Bob Neill (Deputy Chair):** PCTs are the other thing to move on to, coming back to your submission. That is the suggestion that there might be a reduction in the number of PCTs. On the other hand, it has very often been argued that there are benefits that arise from having the PCTs co-terminous with the boroughs, for reasons that Carolyn (Regan) has already mentioned. Do you regard the PCTs as being of an adequate size to commission the services that are required in London? London PCTs – not those elsewhere in the country.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** I do for most of the services they currently commission, with a couple of caveats. The first caveat is that there are a number of good examples of joint commissioning with boroughs, and that is PCT and borough, and Caroline (Taylor) I am sure will be able to illuminate on the Croydon experience. That is happening now. There are also some services which, by their specialist nature, need to be commissioned at a London level: some rarer cancers, some Human Immunodeficiency Virus (HIV) services, and other things of that nature. I think the first question, I would say, is what do you mean by commissioning? Is it service planning, is it contracting, and depending on the service and the specialism, there are different levels at which you would want to apply that. I think there is a point about expertise and developing good working relationships over a long period of time, and that obviously happens where you have got stable organisations and stable leadership.

**Caroline Taylor (Chief Executive, Croydon Primary Care Trust):** If I can just build on that, I think we use 'commission' as a terribly loose word. It means a range of things; from identifying needs; planning services; funding; contracting for services; and performance managing those services against contracts or service agreements. We also use it, I think, sometimes to talk about what I call micro-commissioning and care packages for individuals to

meet their needs, all the way through to the strategic commissioning of services which are small in size but very high cost. Carolyn (Regan) has mentioned HIV and I would say haemophilia, blood and marrow transplantation which are significant services in London but very small when one looks at them for a population of a single PCT.

I think we need to recognise that we commission at a number of different levels. With the development of practice-based commissioning, we are going to see much more focus on very local commissioning for local needs; if you like, tracking patients or groups of patients through different services across institutional boundaries. I think the link at borough level is invaluable. Having worked as a commissioner in former health authorities, covering two or three boroughs, the strength in working in a one-on-one relationship cannot be underestimated, I think. Certainly we could, and we have very well-developed joint commissioning arrangements in mental health, in disability services; increasingly in services for older people; now moving into children's services both at a locality level and across the borough.

However, as PCTs we do also work collectively. We work collectively at the sector or SHA geographical level; so renal services we increasingly commission on a sectoral basis. That reflects the way that patients flow from local secondary care providers into the specialist services. Then things like haemophilia, I actually chair the – it is greater than London, it is a pan-Thames consortium which can commission services for people across the whole of South East England, because that is the critical mass that we need in order to deliver those services effectively.

**Bob Neill (Deputy Chair):** Therefore the critical mass will vary as to as to what is appropriate from place to place.

**Caroline Taylor (Chief Executive, Croydon Primary Care Trust):** The critical mass will vary depending on the nature of the service and the form of commissioning that we are talking about and I think it is really important to recognise that. I do think the co-terminosity with the boroughs is immensely, immensely valuable; I cannot overstate that. Most human beings have complex needs that cover what we traditionally call social care as well as health care. Increasingly we find ourselves working with housing departments and with directorates of leisure or cultural activities around the wider health agenda, and of course for children, absolutely with our partners in education as well.

**Bob Neill (Deputy Chair):** Have you not found, in any way, as far as I understand it – but the fact that you have that co-terminosity, which gives you benefits in one respect, prevents you doing the joint commissioning between PCTs or elsewhere across the sector?

**Caroline Taylor (Chief Executive, Croydon Primary Care Trust):** No, I think when PCTs were new – and this is an issue about organisational change – when PCTs were new, like most new organisations they tended to focus internally, and to be a bit protective of territory. However I think, over time, we

found ourselves working more collaboratively, and now would not want to do otherwise. However, it is about judging the appropriate scale for the activity.

**Bob Neill (Deputy Chair):** I understand that. Just to put it this way – sometimes it is suggested, well, the answer is to merge PCTs. In the London experience, you have not found that necessary to achieve the economies of scale that you want?

**Caroline Taylor (Chief Executive, Croydon Primary Care Trust):** No. I have to say I speak as someone who is Chief Executive of a large London PCT. Our population is 340,000; our turnover is 400 million. I think, I know, not a London example – if I talked to colleagues in Surrey where the PCTs are much smaller and are not co-terminal – they are significantly challenged by the scale of the agenda.

**Bob Neill (Deputy Chair):** Yes, I think that is mutually understandable.

**Councillor Hugh Malyan (Chair):** Before we move on, because I have a number of colleagues waiting to ask questions – I just want to be absolutely clear on that point because obviously you talk about commissioning and the quite obvious multi-level commissioning with different pressures. I do not want to confuse that with the argument about a core-responsibilities body if you like, because I cannot see any reason, I am sure other colleagues cannot, why any organisation does not commission the work at multi-levels – councils do it, PCTs do it – without altering or affecting particularly that co-terminosity you talked about with the boroughs about the core responsibility area, if you like. Tying that into – again within your submission – and I know Bob (Neill) has covered the point but I still have not got it quite clearly in my mind. You have talked positively as Bob (Neill) has said that, about that co-terminosity, and I doubt that there will be much disagreement with that around this table, or there may be some. Nevertheless, also in an extract from your submission going on about the reduction of the way the evolution is going, about the reduction. Putting you a little bit on the spot again, can you be quite clear on which you favour? The overriding benefits that come from that co-terminosity, or whether we should let that slide because of the evolution of where it is going – the direction of travel?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** My personal view is that the co-terminosity of PCTs with London boroughs is absolutely the bedrock of what we are trying to do, and that should stay. I think Caroline (Taylor) pointed out that if you were looking at smaller PCTs elsewhere that are not co-terminal, then there are problems. However in London, where they are, we should keep that. This is my personal view. Others may disagree. I think there are some issues which need to be considered at a London level and in order to outline what they are and the best way of addressing those, that is why we are commissioning the review. Therefore we are actually looking at what we should do, leaving the PCTs in-situ.

**Caroline Taylor (Chief Executive, Croydon Primary Care Trust):** Can I just make one supplementary comment? That is, that I think there are some aspects of what we do where, as I have already identified, we have to collaborate. If I were reflecting on South West London – if we were working with St George’s Hospital; if we were working with The Royal Marsden Hospital; if I look across South London – if we were thinking about mental health in South London and Maudsley, there will be areas where we want to collaborate. I think sometimes, and probably increasingly, we will want to share resources so that we have the right expertise, we have the critical mass of individuals, to be able to perform our functions effectively. If I use specialised services as an example, as PCTs we pool our resources across London in order to be able to commission the pan-London, pan-Thames specialised services effectively. Increasingly in South West London we are pooling resources in order to address the South West London-wide issue. I think there is something about the core, and then combining where appropriate.

**Councillor Hugh Malyan (Chair):** Okay, points well made, thank you.

**Darren Johnson (AM):** On this evolving London-wide strategic role, do you see a greater role for the GLA in the whole relationship?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** I think what we need to do is define the functions, and then look at the form. Therefore, part of the review will be: what are the issues that need to be addressed on a pan-London basis? Can we speed up progress? One option is to leave the structures and just to work harder at partnership working. An alternative is to move towards a different structure, and I think through this review we need to get views about what works best for London, and also learning the lessons of the past. There have been many, and there continues to be ongoing reorganisations in the NHS, people have views about what works and what does not, and we need to work on that. The bottom line is improving health services for Londoners, so we should adopt what works.

**Darren Johnson (AM):** However, looking at what works, and looking at say, in a wider sphere than just health, we have actually seen a formal relationship of the GLA and other key delivery agencies – whether it is economic development, transport or whatever. Could you see that as a possible scenario?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** I think one of the issues is how to build on those partnerships which I think are very good with the NHS. I am specifically referring to the GLA; Transport for London (TfL) – we are beginning to have a good working relationships with; the work we have done with Learning and Skills Councils around recruitment and retention. Therefore, it is back to the point about whether you want to reorganise so fundamentally that you lose momentum, or whether you want to build on what works. The key thing, I suppose, is keeping the NHS brand name to a certain extent. It is a national service for a national standard.

**Darren Johnson (AM):** They have managed that in Wales.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** They have managed that in Wales, that is true. However, I would go back to: what are the special needs of Londoners, and how do we best meet them? It is things like focusing on a young, mobile and very diverse population. That is really what needs to be at the front of our minds in doing that.

**Darren Johnson (AM):** One of the things that certainly struck this commission is that, initially, any solutions that you were looking at for London, given that there is a potential rollout of regional government across the country; you had to tread very, very carefully, because you could be imposing a blueprint for the rest of the country. That is not going to happen now; regional government is highly unlikely to take place anywhere other than the three places where we have it – London, Scotland and Wales. Therefore, do you accept that there are unique solutions and unique opportunities for London; that we need to worry less now about the rest of the country and uniformity?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** I personally am less worried about the rest of the country. It is about what works for London and Londoners. However, as I said, it is about getting the balance right between these different levels – what needs to be done at different levels. One of the good examples I would use is the work we are doing on the mental-health strategy and getting people into work with the GLA and all the mental-health trusts in London. Now, you could argue that we should reorganise into one mental-health trust in London. I would personally argue against that, and I am sure Stuart (Bell) would agree, but you still should do that work across different organisational boundaries.

**Stuart Bell (Chief Executive, South London & Maudsley NHS Trust):** I think it is quite a good example of the sort of thing that you are driving at, because the work that is being done at the moment has involved the GLA really from the very beginning, and to some extent, I think, was sparked by the work that the GLA commissioned from Dr Foster (*Availability of Mental Health Services in London, 2003*) looking at London's mental-health services. I should say incidentally that I chair the London Mental Health Trust. There are 11 mental-health trusts in London, and we try to work together as far as possible where there are issues of pan-London concern, which for us is quite a lot. One of the reasons for that is that we are very concerned to make sure that we do not just have a strategy for London's mental-health services; but that it is about the mental well-being of Londoners. That being the case, there are many things that are well beyond the direct control of what we do in specialist mental-health services that are really significant.

Equally, it is really important, I think, for London as a city that it preserves its mental well-being; not least because its economy is dependent on the industries of the mind to a greater extent perhaps than anywhere else in the

country. Therefore it is absolutely essential, in my view, that work happens with the GLA, and it happens with other bodies that have a pan-London interest in that way. The Metropolitan Police for example, is another case in point. We certainly should be doing that, and we should as a part of that, be highlighting some of those issues that are specific, if not to London, then they are specific to major world capital cities that are qualitatively different in certain respects from anywhere else that you are going to find in England or Wales or Scotland.

**Councillor Steve Hitchins:** I think everything that I have heard confirms some of the discussions we have had around this, and I think there is a benefit for the major public services to be on similar boundaries. I think, for example, the movement to Local Area Agreements (LAAs) would be absolutely impossible or much, much harder, if we were not on the same boundaries. I am just being very parochial – in Islington we are co-located with the PCT service departments – co-located and there are a number of joint appointments, and it seems to be going remarkably well. It is having an impact on performance as well, which is important. I think if you can get the bilateral partnerships they are much easier to do than the big strategic partnership across the whole borough, where there is a whole range of partners. However, if you have it built on a series of bilateral partnerships, and of course the crime and drugs partnerships include PCTs as well, amongst others. Therefore, there is a lot of synergy that comes out of this partnership working, and I think it is important to take it forward.

Where I think it is important is I do think there is a real role for the GLA on the SHA area, because it is very easy when you had all your local departments together to blame Big Brother, is it not? I always blamed the Mayor for council tax, and when we are on the PCT we always blame the SHA for everything else. Therefore I think it is important that the other layer mirrors what is happening at the borough level. I think a little bit more symmetry around that would be really helpful. Nevertheless, I do not think we should design our London structures by how pretty they look on a piece of paper later. It has to work, and I just do not know enough about the failings of the old SHA with the benefits of the new one.

My only anecdote is that when the Metropolitan Police Commissioner (Sir Ian Blair) wanted to do some work in partnership with the Health Authority over A&E departments, he discovered that he could not go to a SHA, but he had to go to 33 PCTs. It has been resolved, I know.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** It has been resolved.

**Councillor Steve Hitchins:** It has been resolved. However, we can always point to other people's failures. I think the scrutiny role in local authorities has undoubtedly exposed the NHS to, not the bright light of democracy, but certainly a little light has been creeping in some of the corners, and I do not think it has been an unhappy experience. However, the thing that has concerned me most – and we are still working on it and I have a meeting



tomorrow about it – is about the provision of children’s services across the North London strategic area. There, it has been impossible to get the scrutiny organised because we have needed five boroughs to present two people; they have to be balanced on party lines, and on borough lines, and meet and consult with the SHA over the future of children’s hospitals. No one is being political at all – everyone is being terribly parochial and no one is going to close a hospital in their area. That has been difficult, and I think there is an area where if we actually lifted it up and said, ‘SHA and there is the Strategic London Authority; there is the matching consultation that should work.’ Therefore I think that there is a real argument for how this works.

What I would be interested to hear from GLA colleagues, is how the Health Commission works – the Mayor’s Health Commission and its role with all this. I have opened a can of worms.

**Councillor Hugh Malyan (Chair):** It is another issue; we will come back to it. Just to pick up on one point Steve (Hitchins) raised about the scrutiny, which obviously is going to come up at some stage of the day; either that in relation to the boroughs, or if again we go back to the hard point that Darren (Johnson) introduced about: is there a role for the GLA – be that the Assembly, be that the Executive Mayor, or a combo of both. With respect a number of positive answers came forward to that point, about the joint working that is going on which clearly is very, very positive in what it is achieving. It does not answer the fundamental question, which again, you may not want to answer, about whether – philosophically speaking, if you like, whatever – whether there should be a role for the Mayor – I suspect, if we take it at one level first – to have a say in that strategic health planning. Now that does not mean ultimate control or anything like that, but some form of formal need to consult some element of incremental say in what actually happens, so that mandate is seen to have some responsibility for it. Do you believe that is viable? I am hearing lots of positive things, but it could sound just a little institutional to the outsider at the moment, I say controversially. Is there a role, and you can relate that also to borough scrutiny, but perhaps we stay at the major issue with the GLA at the moment?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** I guess I would go back to the last point about the role and remit of the London Health Commission, and I actually represent the NHS on the London Health Commission. I think that it is doing some very good work, but you then get into issues about how you implement that, and you then get into what level do you need partnership working and the role of scrutiny for different services. Therefore I do think it is back to the point about balance, what you are trying to achieve, and using different means for different ends. Other people may want to comment on that. However, if you turn it around and start from boroughs and work up, then the overview and scrutiny should also feed into those strategic issues and vice versa. Personally, I would like to see more of a dialogue and more discussion about how we can respond to patients and service users. That seems to me the basis of how you improve health services.

**Valerie Shawcross (AM):** Chair, actually I wanted to get into the preventative health/public health agenda, are you happy that I should have a go at that?

**Councillor Hugh Malyan (Chair):** Yes, go on.

**Valerie Shawcross (AM):** I think there is a degree of consensus around the table about the structural issues, and I certainly would not disagree with anything that Steve (Hitchins) said. If I could just start from my own experience, having previously been a council leader; the co-terminosity with the then health authority, the creative partnership working that went on, was absolutely terrific. However, I have a strong recollection that the Annual Report of the Public Inspector of Health was a big thing for us on the council. It gave a level of intelligence and analysis which fed all kinds of partnership development work, joint projects; some of it all seemingly well off the healthcare end of the spectrum and into things like income generation but equally, they did contribute to health development. The public health agenda seemed to be very well established at a local council level and the joint working was good.

Then I come into this London-wide institution, and I am not on the Health Commission, but I chair a functional body – the Fire Brigade. My perception is there is a far, far weaker voice for public health and preventative health at a London-wide level. I would have to actively seek out and find out what was going on to know, and I never get asked or endorsed or pushed to do anything within the Fire Service as a functional body chair from the Health Commission. What is your view of the role of public health and preventative health at the London-wide level? If I can just give one small example of where I would certainly like to see some strong and active developments, which is in the mental-health field. I am very conscious, being a Member for South London, that we have an enormous number of people – young men in particular – who are getting into serious mental-health problems, psychosis, very young, because of drug abuse, because of marijuana and other lifestyle issues. Now there is a big overlap there with policing and functional bodies – the Metropolitan Police Authority there. Equally there is probably service provision issues about intervention and so forth. However, information and messages – and we have TfL which has outlets everywhere in London, by definition, and a public mission and a care about safety of passengers. It is not the intellectual industries that suffer from people who are crazed on the streets; it is their families, themselves, the public. There seems to me to be a lot of opportunities that are being missed for preventative moves, for pro-public health stands being taken within the GLA and functional bodies, and I want to know what is going wrong, and is there more that we could and should be doing on public health within the GLA. Why is the voice not strong enough?

**Stuart Bell (Chief Executive, South London & Maudsley NHS Trust):** I agree with you that there is more that could be done. There was a campaign actually, about four or five years ago, about the responsibility for London mental-health services, and I do not know if you remember that there were adverts on buses and things like that that were making the point that mental

illness is something that can happen to anyone. I think that part of the message was encouraging people to seek help because there was the opportunity for help. I think there is a growing sense of optimism about the possibility of treatment, that used not to be the case a few years ago.

I am grateful for you raising the subject about cannabis, because I think that is a very important message to be got across, though the evidence on it is relatively recent and the impetus to make that point is something that we have only really been confident about in the last couple of years, but it is an important thing to be doing. That is one of the reasons why we feel that it is very important that we do not just have a conversation within London's mental-health services about mental health; it needs to be had more widely. Now, I do not think we have gotten to the Fire Brigade yet in those discussions. We are working very closely with the Metropolitan Police and with the Metropolitan Police Authority. In fact there is a joint scrutiny that the Metropolitan Police Authority is conducting at the moment which I am a member of on mental health and policing, which is jointly between the Metropolitan Police Authority and the people from London's mental-health services and that due to be reporting in September. That has been a very fruitful discussion, I think, in raising awareness around some of these sorts of subjects, and recognising the interaction and the interdependence, and the need for things like joint training and better mutual understanding of each other's roles in tackling precisely this sort of issue. In making sure that on the ground there are some practical things that we can do together – that means, for example, that people's experiences of contact with mental-health services is not necessarily coercive, even though that might be through the criminal-justice system in the first instance. The scope of this is very, very large, so I think one should only take it a sensible step at a time, otherwise you end up with an enormous agenda that you aim to do a lot but you do not deliver very much. That is the kind of tack that we are taking there.

However, that is absolutely right, and that is the way in which things need to develop, I think. We should be getting these public health messages across, and the debate about cannabis has been in terms of criminalisation rather than its public health significance, and that is something that we really ought to be talking about, loud and clear.

**Valerie Shawcross (AM):** Thank you. It seems to me, and I may be wrong, my colleagues may correct me, but we do not have an institutionally strong enough arrangement or voice for public health promotion at the GLA level. I noticed in Sydney when I visited Sydney a few years ago, they had a big campaign to reduce suicide rates amongst young people, and it was about saying to everybody, and parents, 'Your difficult teenager may not just be a difficult teenager, but they may actually be somebody with a more severe problem.' They actually did it, I believe, they reduced their suicide rate. Now, it does not seem visible to me, and I do not, as an Assembly Member, receive very strong messages at all from the Health Commission or anybody else, about what we on the GLA, through the GLA, should be doing to support a really big London-wide public health agenda. Where is it?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** Well, there are two or three things to say. There is the London Health Observatory, which looks at the health data – exactly those sorts of things that you have mentioned – and that is pan-London. Those reports are available and you can request additional information and that is something that we should obviously share more widely. There is the appointment of Sue Atkinson as the Regional Director of Public Health and the Mayor’s advisor, so there is that dual role.

The third point, I think, is about getting those messages to other key partners, and I think it is fair to say we have done more with some and less with others, and we do struggle about the communications message. Your point about advertising campaigns to parents about potential suicides, we struggle with what is the best way of communicating with young people; a mobile population and we do have ongoing discussions about that. However, clearly the sharing what is in the public health data, and getting those messages out, is something that we continue to work on. Prevention of suicides is a good example, I think.

**Valerie Shawcross (AM):** How do we super-boost it, then? It does not seem to be loud enough at the moment.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** I can take away the point about the London Health Observatory and regular reports, and then the second point is, apart from disseminating the information, what do we do to do something about it? That is your second point – how do we implement the findings? That would be with the partners, some of whom are here, and others – housing and education and local communities; neighbourhood levels as well. We need to do it at both, do we not, at London-wide and then at borough and neighbourhood level as well? I can take that away.

**Caroline Taylor (Chief Executive, Croydon Primary Care Trust):** It is just building on the experience of Croydon where I think we continue to have that very positive relationship between the NHS and the council; and I would say the whole of the council and not just social services around the public health agenda. I think that is driven by two things. I think it is driven by the very high-quality public health information that we get – in fact, I come today bearing the analysis of the last census, which I think has been very powerful, and given us lots of information at ward level through to borough level. Therefore, one of the drivers has been to provide that very high-quality information which, I think the London Health Observatory can do across London.

The other driver, I think, in Croydon, has been a council which has actively sought that information. Therefore there has been both a push from us, and a pull from council colleagues. I guess the question I would have at London-wide level, at GLA – what are the arrangements both to push from our side, offering the information from the NHS, and pull in terms of the borough

authority or the GLA positively seeking the public health perspective in thinking about forward planning?

**Valerie Shawcross (AM):** Devil's advocate question. I am not promoting this, but it would be wrong of me as Chair of the Fire Authority not to ask you why the London Ambulance Service has to continue as a separate service? The Feuerwehr in Berlin do provide an absolutely excellent joint ambulance, fire and rescue service.

**Kathy Jones (Director of Service Development, London Ambulance Service):** Yes, and it is not the only example. It is a constantly recurring debate both internally and externally. There are a number of ways that one could respond to that. We see ourselves as a health service, not an emergency service as such. Only 10% of the patients we go to need us to be there within minutes. Actually, the vast majority of our patients need linking back into community services and other parts of health and social care. That just happens to be about who rings 999, if you like, for an ambulance. Then it is probably saying more about community-based provision than it is about what we are traditionally supposed to be there to do. Therefore, I would say that we should not necessarily be jointly with the fire service.

However, we do work very closely with them obviously on emergency planning, as we do with the Metropolitan Police Service. As well as that, there is a lot of scope for sharing. Our biggest user is the Metropolitan Police Service – we get about 90,000 calls a year from them or something like that. The Fire Service also ring us if they are the ones who have been called first, so there is good mutual cooperation there. There is a potential for joint control rooms, which is something that has been suggested in the past. The volumes differ hugely; New Scotland Yard takes very, many, many calls, than we do, and we take very, very, many more calls than the Fire Service does. We are also a lot busier than the Fire Service. Our crews are likely to be busy at least 60% of their duty time, where the fire crews are likely to be busy about 7% of the time that they are on duty.

**Valerie Shawcross (AM):** They are doing emergency response 11% of the time.

**Kathy Jones (Director of Service Development, London Ambulance Service):** Sorry, okay, yes.

**Valerie Shawcross (AM):** Then they take preventative work.

**Kathy Jones (Director of Service Development, London Ambulance Service):** When I say 'busy' I mean on-call. They do obviously train and –

**Valerie Shawcross (AM):** Yes, you are quite right.

**Councillor Hugh Malyan (Chair):** No turf wars, colleagues, come on.

**Kathy Jones (Director of Service Development, London Ambulance Service):** However, we are very, very jealous of their funding and their and their resources. Yes, one response might be shared premises, shared control rooms and so on, and indeed we are talking with the Fire Services about those things. There are a lot of issues associated with it obviously as you know, which you do not need to go into now – we can talk about it any time – that is to do with industrial-relations issues, it is to do with different funding sources, and I go back to my original point – we are a health service and most of our patients have needs that need to be met by us having very close links with the rest of health and social care.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** Can I add a supplement in relation to public health – which is that London is actually leading the way on some public health issues compared to the rest of the country. Therefore the work that we have done on TB and sexual health are now being rolled out into the NHS everywhere. We have now got a piece of work pan-London looking at maternity services, partly because we have a very young and fertile population. That is something that I am sure will be picked up elsewhere, but those are examples where London's NHS has actually led the rest of the country in terms of public health. I will pick up your point about data and better linkages.

**Valerie Shawcross (AM):** As well as making demands within the rest of the GLA family.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** Making demands as well, sure.

**Peter Hulme Cross (AM):** Thank you. I want to pick up the point about sexual health services, in particular, genito-urinary medicine (GUM) clinics. You mentioned HIV earlier, which certainly has not gone away, although the hype about it has subsided, but it is still very much there. In addition to that, there is an outbreak of chlamydia which is extremely worrying, particularly among young people, and not only that but other sexual diseases, in particular, syphilis – which I thought had virtually been eradicated, certainly has not – again, is on the increase with young people. Now in the GUM clinics that I have visited, they have tended to be somewhat shabby, rather cramped, in a part of the building where they can be shunted off and forgotten about. It is not a particularly glamorous profession in which to work, and the funding for these clinics seems to be somewhat Spartan.

The funding, as I understand it, comes via the PCTs. Of course, those PCTs have all sorts of demands on their sources of funding, and the sexual health services seem to be very much a Cinderella service because they seem to get much less funding than perhaps they deserve. Now, we are seeing an increase in these diseases; it is clear that the GUM clinics and the sexual health services need more funding not less, but that funding, because it comes through the PCTs, is being siphoned off to other things which take priority over, as I say, the Cinderella service of the sexual health.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** I would share your views that sexual health needs to be – and is becoming – a higher priority in London. I think part of that is in response to exactly the things you have said – the increase in demand and the fact that they have not had much focus compared to some other health services for the last few years. The publication of *Choosing Health*, the White Paper on health, actually brings sexual health back into the mainstream – more focus, and some targets. People have views about whether targets are a good or a bad thing, but they inevitably bring: a) focus of managerial attention, and b) investment. There is additional investment going in, and I will ask Caroline (Taylor) to pick up in a moment.

I think the other thing is to look at the investment both in terms of the physical fabric; your point about needing a better environment, but also some of the things we have learnt about improving other health services. When do people queue for appointments? Do we have higher staffing on a Monday morning than at other times of the week? What are the nurse roles that can relieve some of the pressure? What is the profile of service users, and back to how we communicate with people. My personal view is we need to move away from a lot of these leaflets to new ways of communicating with young people with websites and texting and all of that. Some of the sexual health services I know in East London are doing that – they are texting people their results, and I am sure there are other examples. New ways of communicating with people who are using the services. I do not know if you want to put a local spin on it?

**Caroline Taylor (Chief Executive, Croydon Primary Care Trust):** Well, I think to confirm that there has been a period when sexual health services have not had the attention they have merited, and to recognise that the changing patterns of sexual health, the increases in diseases that you have identified. I would say on HIV that although some of the hype may have disappeared, in terms of costs to the NHS they continue to rise well above levels of NHS growth, and that is about – we are being very successful in helping people to manage their illness through drug therapy – but that is very expensive and complex therapy.

I think one of things we are turning our attention to increasingly is the public health message – what we are doing around prevention, having had quite a successful period around HIV and the preventative messages, we have clearly got to reinvent that for current needs.

As Carolyn (Regan) said, *Choosing Health* puts a very clear emphasis on sexual health as one of the priority areas. We always have a lively debate in the NHS about earmarked funding because, for every piece of earmarked funding, there is a piece of local discretion gone, if you like. Now, I tend to argue in favour of not earmarking, because I think it is important as far as possible to be able to agreed priorities locally and invest accordingly within a clear performance management framework, so that we deliver the outcomes that are required. Having said that, *Choosing Health* makes clear an expectation that we will be spending more from next year, and does earmark some funding, and as Carolyn (Regan) has indicated, raises sexual health

very much up the performance management agenda. I think that is probably overdue, but welcomed rather than not by PCTs because we recognise the significance of sexual health issues.

**Peter Hulme Cross (AM):** However, do you think the funding via PCTs is the way to handle it, or is there a better way to fund it overall?

**Caroline Taylor (Chief Executive, Croydon Primary Care Trust):** I think if you take the funding away from PCTs, by definition you have to take the responsibility away from the PCTs, and I think it would be quite dangerous to start slicing NHS services into those which are planned, commissioned and funded through PCTs, and some separate source, because I think it is really important that we look at the totality of the health needs of our population. If you like, the fact that sexual health issues are rising up the agenda reflects – particularly in London, actually nationally as well – a recognition that this is a big health issue.

**Peter Hulme Cross (AM):** Prevention is also very, very important. You touched on that. There are possibly – education in schools and so on – other ways. I remember when HIV was a big hot topic, you had advertisements on television, the Tube, all sorts of things. You do not see those now. You never see, for instance, condoms advertised anywhere, and yet that to me would seem to be an excellent thing to do as far as sexual health and prevention of disease is concerned. Therefore, are there issues here or am I straying?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** Well, I think there are issues about how you get those health promotion messages across to the local public, and anything we can do, for example, through TfL using buses and Tubes to promote those messages, we would welcome. Therefore, I think your help in that both at a London level and also at a local level – yes, we do need to do that on an ongoing basis because you are right, we have not done national advertising for 20 years and people think it has gone away, or not.

**Caroline Taylor (Chief Executive, Croydon Primary Care Trust):** Although the evidence was that that national advertising was not what changed behaviours, so I think there is something about –

**Peter Hulme Cross (AM):** We can learn from it – presumably what happened before. This is a problem that is increasing, and it does need attention. There has not been enough funding channelled to it.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** That is right, and I think there are also some excellent sexual health services in and across London that respond very well to local needs, and we need to learn the lesson from those good examples and share that on a London-wide basis.

**Councillor Hugh Malyan (Chair):** Thank you. I am conscious of time, colleagues, so there is a couple to come in, but if we can keep it pretty smart.



**Councillor Cameron Geddes:** Just a couple of very brief questions on the electoral accountability issue. When there is a general election, civil servants, government departments, will gear themselves up for potential policy changes. Similarly, local councils could change hands and the offices will gear themselves up, perhaps, for different priorities after the election. With what trepidation do SHAs and PCTs view elections? To what extent would a radical change in a local council mean a PCT would have to think, 'Gosh, we have got to change it?'

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** Well, given that NHS policy is currently set at a national level, I think it is more the issues about local implementation which come up, and how those policies can be applied in London at a borough level, really. What the local health needs are for that particular population of 200 or 300,000, and how to implement things to best effect.

**Caroline Taylor (Chief Executive, Croydon Primary Care Trust):** I think that is right; I think the one thing I would add is that clearly, the more we do joint commissioning of services, and the more active we are – as I think we are generally now across London – in LSPs, then the more we need to ensure that local implementation of national policy is situated firmly in a context in which the borough council is providing the overall local political leadership. Therefore I think we are, and rightly, sensitive to changing local needs and local circumstances in that sense.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** Can we bring in Cally Palmer on Foundation Trusts? I do not know if that is relevant to that, but were you going to come back to that?

**Councillor Cameron Geddes:** I am interested that you got 42% turnout for the Homerton University Hospital NHS Foundation Trust?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** Yes.

**Councillor Cameron Geddes:** No figures for the Royal Marsden Hospital NHS Foundation Trust, but references to by-election.

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** They ranged between 50% and 88% – our turnout figures for elections.

**Councillor Cameron Geddes:** What was it again, sorry?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** It was between 50% and 88% for the elections to our new membership council. That is slightly higher than the Homerton University Hospital NHS Foundation Trust.

**Councillor Cameron Geddes:** I was going to say, that is considerably higher than people who bothered turning out and voting for or against me.

**Councillor Hugh Malyan (Chair):** What is the size of the electorate?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** In Homerton it is 4,500 local Hackney residents.

**Councillor Steve Hitchins:** They have volunteered to be on the electorate?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** That is the point – people are interested in hospitals and health services and GPs. I know we are going to come on to that, but that is where people want to get involved. I do not know if you want to say anything else about foundations?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** Shall I just make a few comments, and you can put me on the right track if I am going off the track?

**Councillor Hugh Malyan (Chair):** Yes, sure.

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** Just to say the starting point really, I think, with Foundation Trusts involving the public, is that we at the Royal Marsden Hospital we consulted 150 organisations on whether we should do this thing, and what our service plan should be; so very widespread, systematic consultation on our future as a hospital, involving a range of NHS and other organisations; cancer charities; 2000-odd staff; patients and carers, and so forth. Therefore, a very widespread consultation which I think taught us quite a lot about views on where the Royal Marsden Hospital should be going, and whether it should become a FT or not. We then built a membership of 5,000, so that is similar to the Homerton University Hospital NHS Foundation Trust. Other FTs: in Birmingham they have got a membership of over 100,000 but we were keen to keep ours small enough to be able to have a dialogue with our membership community. Anybody can become a member if they live in England, so that is pretty wide. There is the Royal Marsden Hospital of course, where we mainly serve central and South West London. For rarer cancers, we serve England. Then we created a Membership Council where we have a majority of elected members and those are patients; for us importantly as a cancer hospital; carers as well; and members of the public.

What we sought to do with each constituency was to reflect where patients came from and where they sat in South West and North West London sectors. Therefore you have, I will just give you an example – in terms of patients we have got three carers, a paediatric and adolescent slot because we offer a children's service, four patients from South West London, two from East Elmbridge Mid Surrey, two from greater London and two from the rest of England, so small individual numbers, but they come together with views about their own constituencies.

Then we have public members as opposed to patients and carers, from Kensington and Chelsea, Sutton and Merton and the rest of England, and then four staff councillors. I think the important thing about the setting-up of the Membership Council is that it has given patients, carers and the public a very systematic involvement in the governance of the Trust for the first time. It is particularly important for us as specialist providers to be able to get that voice from people from a wide area, and with a wide range of experiences.

A couple of anecdotes about how the Council has worked in its first year – the first is, reflecting some of the comments earlier about public health – the Royal Marsden Hospital has been considering whether it should be in screening or not, particularly specialist screening. The Council said, ‘Well, why are you doing it?’ The patients said, ‘How can you add value to the health service? Set up an expert panel and consider the pros and cons.’ I think I had been kind of charging ahead with the screening mission, so they acted as a very good conscience, and a check and a balance, if you like, on screening. Therefore we are looking more systematically with them about what our role should be.

The other thing where we have moved it forward is that they said, ‘Look, we have different experiences of cancer in London,’ but the generic message was care is not seamless. Everywhere you go it is different. It is not necessarily good and bad, but it is different, and that is very disruptive for a people with a patient journey that spans many parts of the system and over time. Therefore, one of the things that we have been trying to do on their advice is to create more of a network of care with other organisations, where the Royal Marsden Hospital for example, would go out and take services out and deliver them locally in another district general hospital setting. That was a direct response to the Council saying, ‘Care is not seamless. Can you at the Marsden, at the centre, try and help the Health Service pull that together?’

Therefore I think those have been two very interesting exchanges with our new governance structure. They are, if you like, the guardians of the Trust and it is an advisory role; but they can appoint and remove the Chairman and non-executive directors; they have to confirm my appointment; they appoint and remove auditors; they receive annual accounts; and they give advice on the forward plan – screening being one example of that. Interestingly, we have developed with the Council a five-year business strategy for the Royal Marsden Hospital, which has always been quite difficult in the health service which suffers, like many public sector organisations, from short-termism. We have been able to put together a five-year strategy with our patients and carers and members of the public, to an Office for Public Management (OPM) scrutiny committee composed of London boroughs and they said that that was the first time they had seen a five-year plan that was quite detailed about a hospital’s future direction. I think it was a positive experience from year one.

**Bob Neill (Deputy Chair):** Just a couple of things on foundation hospitals. That was helpful, Cally (Palmer). What it comes to is this – that the actual

power that the Board of Governors has over the Board of Directors is pretty limited, is it not?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** From my experience of the first year, while their powers are limited to those of an advisory and guardianship role, or the Board's conscience if you like, as someone referred to it, I think it would be quite foolish as an organisation to try and depart from that, because you would be moving away from the whole concept of a patient-led NHS which is where we are all trying to...

**Bob Neill (Deputy Chair):** I understand it is patient-led, but in fact it cannot actually overrule the Board of Directors on anything.

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** Well, they can remove the Chairman and non-executive directors.

**Bob Neill (Deputy Chair):** That is change of personnel, though, is it not?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** That is change of personnel, yes.

**Councillor Hugh Malyan (Chair):** Sorry – there is two distinct bodies – the non-executive board, and the executive? Can the non-executive board ultimately force the executive to do anything?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** Technically, no. However, they can remove the Board and change the personnel and then work with them.

**Bob Neill (Deputy Chair):** I accept there might be an argument for persuasion, but for example, even the Assembly, which is often stated as being a somewhat toothless body, has the ability to change the budget. I do not think the Board of Governors has the ability to change the budget, does it?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** They receive the annual accounts and they can appoint and remove auditors, as I have said, we would present it to them.

**Bob Neill (Deputy Chair):** However, you could not alter it?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** We have amended our financial plan on their advice.

**Bob Neill (Deputy Chair):** You could persuade?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** It is a role of persuasion, yes.

**Bob Neill (Deputy Chair):** That is fine. The other bit I am interested in; I understand the way it works with your members, and how actually, the Royal Marsden Hospital, for example, offers a national service, and they all do to some degree. However, take the one I know best which is the Homerton University Hospital, simply because it is nearer I know it better. As well as that, it is also still people's local hospital. How would you fit in accountability to the local populace who are using the hospital? How does the Foundation structure – and I have no argument with Foundation Hospitals – how can you build in accountability for the local population – their local hospital, providing their local service? How do you make the hospital accountable to them?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** I am not sure this is going to answer the question in the way that you mean it, but just starting with a response, if you like, from me, is that you structure your Membership Council to reflect where sit in the community, and also where your patients come from. You make sure your numbers on the Council reflect the communities that you serve. Therefore, we would have much more representation from patients and the public on our Council from South West London, where we do 70% of our work, than we would from further afield. I am not quite sure if that is what you meant.

**Bob Neill (Deputy Chair):** I am just wondering too, that, for example, you have got the development of the overview and scrutiny committees, and so on. Do the Foundation Hospitals still participate in that in the same way?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** Yes.

**Bob Neill (Deputy Chair):** Therefore that is still done, but the strategic health councils went, and there is an argument as to whether what replaced them was very effective or not. Beyond the fact that you can get involved by becoming a member, which can be a bit self-selecting, how does Mrs Jones, who has some issue about her treatment – quality or otherwise – at a Foundation Hospital, what way could she really say, 'That Foundation Trust is accountable to me'?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** We have a patient and carer forum quite separately from the Council, so there is the formal system of the electoral majority of elected people to the Council. We also have a patient and carer forum, which is chaired by a patient, and advises the Membership Council, if you like, but that is the body, with a large number of patients on it, and of course we still chip-in.

**Bob Neill (Deputy Chair):** Sure, but again, the fora do not have any sanctions, then?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** No, but they provide advice and guidance.

**Stuart Bell (Chief Executive, South London and Maudsley NHS Trust):**

Just to add to Cally's (Palmer) point – the FT I know best is Guy's and St Thomas' NHS Foundation Trust which is our local one and they, as well as the elected membership, there are also, if you like, institutional members, and they have the leaders of the councils in London and Southwark on the Membership Council, so that there are a variety of different routes that you can get a connection back to your local communities. I think where you have an individual patient with some difficulties, then the same groups as are there under any form of governance for somebody to raise their concerns; you ultimately have ombudsmen and the like that you can go to, to get a degree of accountability for grievances pursued in that kind of way. However, I think that is a slightly different thing from that sense of getting a closer relationship with the needs of a local community, and also developing their interest in what is happening in the hospital. Again, I know from the Guy's and St Thomas' NHS Foundation Trust experience that they do have people coming along to their meetings – anybody can come along to, and become a member – and describe their interest in the place.

**Valerie Shawcross (AM):** Can I challenge that, because I would have a performance management question about the quality of this public engagement, because it looks great on paper. However, I tried to go to Guy's and St Thomas' NHS Foundation Trust public meeting, and it was on the top floor, so it was difficult to find; it was impossible to get in – it was so crowded, and I got turned away, and I am sure other people did. There was not enough seating; it was an extremely badly managed piece of public engagement – one of the worst pieces I have ever seen. Therefore, rather than trying to intervene directly in the public organisations that are in this relationship, there is also a question about quality control, audit, scrutiny of the processes that are supposed to be being carried out, and whether or not that they are as good as they say they are on paper, because on paper that looked great, but in reality it was awful. I would want to say that.

The other thing I would question is about 'patient-led'. If you are going to get back into this public health agenda, everybody is a stakeholder in that, and we are in danger of skewing resources towards treatment rather than prevention if the majority of the decision-makers' experience and knowledge is very empowered by having been ill and been through it, etc. The people who are not coming forward – the kids – are stakeholders in the health service. Therefore it is quite concerning that there are people who have had a patient experience and are therefore very informed and knowledgeable and concerned about the hospital from that dimension, might be saying 'screening is not important'. There is a broader interest. Sorry, just a reaction to that.

**Councillor Hugh Malyan (Chair):** Any comment on that? That Valerie (Shawcross) has raised on the process – the difference between what looks good on paper? We have all organised – no one is being arrogant here – we have all organised an appalling public meeting at some stage; we have got it wrong, you know.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** The two points I would say is; one is about reviewing your own

internal processes – again, I know the Homerton University Hospital NHS Foundation Trust best and what they did was run their general meeting in a more accessible venue twice, because there were so many people. It is about looking at the organisation, as number one. The second point – I think you made a good point – we are doing some research on expert patients which is actually training and giving people skills who have a certain disease, to work with others. Diabetic patients are a good example, and there are 150 drawn from local communities across the East End who work about how you navigate your way through the NHS; what about a balance between prevention and treatment; where do you go to for different things, and it often strays way beyond the NHS and often gets into housing and other things.

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** If I can add just one small point. The reason that we kept our membership relatively small amongst staff, but more importantly patients and the public, was to have regular communication with them; we did not want 100,000 people with whom we could have no relationship. We have 5,000 people; we make sure that the FT newsletter is an online service they can use, and we can at least have some dialogue with the wider membership community, beyond the 32 people who sit on the council itself.

**Councillor Hugh Malyan (Chair):** All right. I am getting very conscious of time. Can we touch on the last couple of issues? The existing health scrutiny coming out of local authorities – can you just give a quick opinion of how you think it is going, whether that is negative or positive? Is there any way, allowing for it to continue to bed-in, because it is all relatively new, is there any way to strengthen its function in the future?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** I would make a few points, and others may want to contribute. First of all, it is relatively early days. It works best where it looks at whole systems; where it looks at services across organisations, and I am sure that is true for cancer services. I have mentioned TB, sickle cell; sexual health was one that happened in Waltham Forest and it looked at the GP in the primary care services as well as the hospital services. Therefore, it is better when it is whole systems.

The third point is really about ensuring that the action is taken as a result; so the GLA scrutiny on primary care – what we are doing now is following-up what can be done as a result. Those would be my points, but others may want to pitch in.

**Stuart Bell (Chief Executive, South London and Maudsley NHS Trust):** My Trust covers four local authorities and so I get invited at different times to four different scrutiny committees.

**Councillor Hugh Malyan (Chair):** Is that an issue? Do we need to sort that out?

**Stuart Bell (Chief Executive, South London and Maudsley NHS Trust):**

Well, so far not actually, because it is appropriate that they do look at things differently, because I think people's views of what they might expect from a Trust in Croydon are different from those in Southwark. It is right that they should be so and it is important to have those discussions separately. I think where it gets most difficult – we had one service that we were developing where potentially hundreds, literally hundreds of local authorities might refer people to – it was a very specialised service. In theory, the arrangement was that we needed to consult with all the overview and scrutiny committees. We found a way of dealing with that, and I think that is just the ragged edges that you get with any system. However, in practice, and I do not think it has been, I think the most beneficial aspect of it has been the development of mutual understanding. The fact that it does not result in some sort of shock change of direction is not a problem actually, I do not think. The fact that people have got a much better understanding of what is going on earlier on.

**Councillor Hugh Malyan (Chair):** Is that two-way? Is it, 'Those yokels now understand what we are doing', or is it genuinely a two-way, in terms of your mutual understanding?

**Stuart Bell (Chief Executive, South London and Maudsley NHS Trust):**

Absolutely. It is us discovering aspects of what is happening in local authorities that did not occur to us before, and it is the opportunity to make connections, and I would very much hope that it is not that kind of view. I think it is a sort of teasing-out of the issues. One of the things that distinguishes this discussion from one that we might have had five years ago, I think, is that we are much more interested in health than we are in health services. All of us around the table. That has moved on a lot, and if that is going to carry on developing, we need to know more and understand more about how each other makes contributions to that, what the expertise is, and who needs to do what; irrespective of the organisational forms and structures. You can change those all you like, but people within the system will still need to understand how to work together better. I think it has helped with that, and that is dependent to some extent on the stability of relationships, in a way, because I think if what you have is a changeover on either side of the scrutiny process at regular intervals, you will lose some of the value from that – you will have to keep going back to square one. You will probably still need it, in order to do that, but you really get the benefit when you get that engagement over a period of time, that translates into things, that then become part of the culture and people understand that that is how we do things, because that is the right way to get results.

**Councillor Hugh Malyan (Chair):** If there is a single suggestion about scrutiny, the present scrutiny, either within its existing remit to improve it, or even with an extended remit, but as I say, not necessarily – what is the one thing that scrutiny could do better?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** May I make the comment, just from my own experience going through the whole FT process; first the fact of the FT and then the five-year business



strategy with the overview and the scrutiny mechanism, which overall was a good experience and it was this business about shared understanding and that outcome. However, I think the rules of engagement need to be clear. Either you pull together to look at an issue across a patch, or across a particular service for London – and I will explain what I mean in a minute – or you engage with your local overview and scrutiny committee; you do not do a bit of one and a bit of another.

What happened with our FT thing – the agreement was that we would go to the meeting on behalf of all the boroughs. We went, and we presented, and we listened, and we exchanged views. We were then asked to go and address a local one, which I should have probably said, ‘Look, I do not think that is helpful – we have just done this big thing.’ We went to the local one and it was a completely different experience and the issues were dealt with in a completely different way. That was not helpful, I think, to either party. Therefore, I think the rules of engagement need to be clear over the issue – whether you are going to handle it together, or individually.

**Councillor Hugh Malyan (Chair):** Therefore, just clarity about whether it is a local issue or a pan- or sub-region?

**Cally Palmer (Chief Executive of the Royal Marsden NHS Foundation Trust):** Yes.

**Kathy Jones (Director of Service Development, London Ambulance Service):** I have a suggestion; you asked for one suggestion?

**Councillor Hugh Malyan (Chair):** Yes, please.

**Kathy Jones (Director of Service Development, London Ambulance Service):** A little background to explain how our scrutiny has worked – we have been involved in some local ones; sometimes it is about emergency planning, sometimes it is about other things, but we were scrutinised, our whole organisation, by a joint committee with GLA and the Association of London Government (ALG), and came here. In council chamber you have the experience of several senior London Ambulance Service people being asked questions by several senior councillors. If I were trying to improve the process at all, I would suggest that you go out and about, and do not just talk to the senior people – talk to our front-line staff, talk to our patients, visit our facilities, go to hospitals and speak to the crews who are waiting outside if they are, much less these days than they ever were before, and get a real sense of the experience. One of the councillors who I think was from up Barking-way, did precisely that, and other members of committee may well have done too. However, I thought that that made her contribution to the committee probably far more knowledgeable and positive than other people who had not found the time to do that.

**Councillor Hugh Malyan (Chair):** Okay, thank you. I think that is a most useful suggestion. I have to say that it comes down to resources as well,

because these guys are pretty busy as well and everyone is trying to fit it into a pot as it were.

**Kathy Jones (Director of Service Development, London Ambulance Service):** Yes, understood. Everyone is very busy. It does happen, yes, it does happen, and it does make it better. Your meetings would not be in here or in your council offices; they would be at our places. Can I quickly add a couple of things? You asked a point about the mutual learning.

**Councillor Hugh Malyan (Chair):** Yes.

**Kathy Jones (Director of Service Development, London Ambulance Service):** I think that there is a big issue between certainly my service and local authorities, to the extent to which they actually understand the breadth of what we do, and that is our failure – we failed to explain it. However, recently we have been doing some stakeholder consultation and made the mistake of sending invitation letters to the chief executives of councils, and they immediately passed them onto their emergency planning managers. However, actually we wanted people there from social services, from housing, from education, and particularly from the mental-health parts of social-services departments. The number of issues with which we wish to liaise with councils is enormous. Traffic management is obviously one, and that is both a GLA-wide issue and a local issue. Emergency preparedness – there are already sound arrangements for that – but also child protection and protection of vulnerable adults, we now have a very robust system for reporting; it took an awful long time for councils to stop wondering why it was that we were calling about a patient that our crews had been concerned about.

Key is that there are very few of them at a time, but about 25 people in London at any one time will be ringing us really regularly. That is because they have fallen down through all of the nets – all of us hold to try and catch them – and almost every one of those individuals will have multiple issues. They may need re-housing due to a disability or mental-health problem; they might have a mental-health problem associated with an alcohol problem, and the difficulty of getting one service to accept the patient before the other problem is solved is one you all know about. We have actually started convening the case conferences because we seem to be the only organisation that has the information that this person is falling through all of the nets that we are all holding out for them. That has been quite an interesting reversal, given that obviously other statutory agencies are there to provide those services, but as they are not managing to for that particular individual, we have ended up bringing everybody together. That is the sort of mutual learning that I think is very valuable when people get around the table.

**Councillor Hugh Malyan (Chair):** Thank you. I must say that I am astounded by that – that you are acting as case conference lead.

**Kathy Jones (Director of Service Development, London Ambulance Service):** Our PALS Manager – yes, our Public Advice and Liaison Service Manager. He has a background both in social care and welfare advice as well

as the health service ombudsman. Therefore he is very knowledgeable about it. However, who else will know that this person is ringing? A GP may well have washed their hands of them, and other services. Perhaps they have a psychiatric care package but they are not complying with it because they have got problems with it.

**Councillor Hugh Malyan (Chair):** Absolutely, the patient has to be looked after. I am just aghast. Am I aghast? No, I am surprised – not aghast, that is the wrong word – that it has fallen to the London Ambulance Service to coordinate that.

**Kathy Jones (Director of Service Development, London Ambulance Service):** Absolutely, one gentleman who we just recently managed to facilitate his getting sheltered accommodation – he had rung us 998 times in five months.

**Peter Hulme Cross (AM):** 998?

**Valerie Shawcross (AM):** Two things. One, you maybe at some point you want to think about calling London Connects – and I declare an interest there – because information sharing was one of the key issues; real-time information sharing, shared databases between social services and health in particular, but other agencies that London Connects has been working on. If you are looking for an opportunity to discuss cross-boundary partnerships, that might be an opportunity to look at that because there is obviously a deficit that has been identified there.

The other thing is in terms of relationships, you mentioned traffic management – if one may just feed back that when there was a scrutiny on road humps, sorry, ‘traffic calming’ within the GLA, there was feedback from the boroughs that actually London Ambulance Service seemed not to have the capacity to actually respond to consultations about road humps. That suggested that maybe there was a need for a bit more aggregation of consultations about road humps because actually, there are not that many different designs of road humps.

**Kathy Jones (Director of Service Development, London Ambulance Service):** No, and we know it.

**Valerie Shawcross (AM):** There was a capacity issue about the volume of activity going on.

**Kathy Jones (Director of Service Development, London Ambulance Service):** We do have issues – strategy issues. In management terms we are quite a lean organisation and we do not even match the PCT boundaries; we have 24 Ambulance Operations Managers who have teams of three who can actually deliver that. They cover, therefore, more than one PCT each, as well as trying to manage 120 staff and deliver on our performance targets. Therefore, we do have deficit in that area and I will take that back.

**Councillor Hugh Malyan (Chair):** I am going to draw it to a close pretty quickly now. However, I would just like to touch on the whole subject of the GP. Clearly, because of time I will ask you to keep it very short now. The main gateway into the NHS for the bulk of people – I will go at it from a specific angle – is there any way that we can enhance, though the existing, traditional, democratic mechanisms at a local level, and whether it be the local council, councillors; whether it be somebody though the Assembly – how can we play a role in either representing local patients, local customers, in terms of what happens at their GP service? You may well think there may not be a role to play in that, but people who are fed up with their local GP; what can we do to enhance their comeback, and the accountability of the GPs?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** Okay, two things. In the new GP contract, they have a duty to consult both individual patients and groups of patients, and that is just new this year, so we need to develop that as a mechanism. Secondly, there will be a White Paper, announced last week by the Secretary of State for Health, on Primary Care and she has defined it as ‘everything outside hospitals’, so GP is pretty large. Therefore, getting into that debate about, ‘What should Primary Care Services (PCS), GP services, in and across London look like for this population?’ I think, is absolutely key – increased capacity; we have done a lot around more walk-in centres; we are going to have commuter walk-in centres opening at six locations; longer opening hours; more choices – which GP for which services. All those sorts of things come into play in that White Paper discussion in the next three to six months.

**Councillor Hugh Malyan (Chair):** Right, thank you, so that is three to six months?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** Yes, *Consultation on the Future of Primary Care Services*, but defined as everything outside hospitals, so pretty broad.

**Bob Neill (Deputy Chair):** I am told I can ask a couple of cheeky questions at the end of it. One is really going back to the PCTs. I was quite impressed with the amount of cross working which I know that there is. How many of the London boroughs suggested that they could actually take on the commissioning of care services in their patch?

**Caroline Taylor (Chief Executive, Croydon Primary Care Trust):** Well again, I understand informally that Wandsworth may have started to explore that, but I do not know more than that, specifically. I think my observations would be, and I suppose it comes back to the question of the scale of the enterprise, and the expertises of what is required. My commissioning budget for Croydon is £300 million, which is a fair size. It is bigger, I think, than any of the service departments in the council taken individually, and as we have already explored, it covers a complex range of services at different levels. You will have gathered that I am an absolute proponent of very, very close partnerships working on both health services and the wider health agenda. However, I think part of the success of the NHS over the last few years has

been that we have had a very focused, if you like, dedicated attention to driving up performance, improving access, improving health care, and improving health. The last piece we could not possibly do alone; the other pieces we increasingly do jointly. Nevertheless, it is a huge area.

**Bob Neill (Deputy Chair):** I understand that – I am not saying that is per se my idea, but it is something that colleagues have slated. The other one is going back to the public health agenda, where we have had quite a significant discussion. I was impressed by the answers that came out. I think there is common ground, is there not, that there is some quite distinct challenges that London has, both in terms of the nature of public health challenges and volume. Are there ways in which we can get to a situation in which public health priorities in policies for London can be determined in London? How would we set about that?

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** I would say, to a large extent, they already are. The examples I would use are around services to meet special population needs – so TB, sickle cell, sexual health we touched on, and maternity services. I thought you were going to ask what could you do to help with that?

**Bob Neill (Deputy Chair):** Right, so tell us.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** Okay. My next point would be about lobbying for the national funding formula to recognise the special needs of London's population, and that is back to the point that people made about – this service needs to reflect the diversity and the mobility and the needs of Londoners.

**Bob Neill (Deputy Chair):** That actually brings me back to the point that if one is going to do that, and I think that is a perfectly legitimate point, one might argue that it is perhaps the Mayor, or whoever, is the most appropriate person – I imagine Labour would then say 'Okay, I will happily lobby for that, but I want some input into the decision as to how it is spent.'

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** That is back to how you allocate funding and the issue about – do you tag it for a lot of national priorities, or do you give allocations to PCTs who then determine local needs and then build on national policies, and make sure that the services are responsive to local people?

**Councillor Hugh Malyan (Chair):** Can I just pick up on that myself? I find that is a particularly pertinent point. Caroline (Taylor), you refer to your own particular desire to have budget flexibility at the end of the day. An example will be the local borough commanders, in terms of the police, who always consult their local council leaders on their borough plans each year, and until very, very recently, at the same time as they admitted wistfully, that they had control of about up to 1% of the total budget; because of all the central direction about what was going to happen; which is an exercise in theory, but pretty useless in practice, at the end of the day. Therefore, whilst maintaining

the vast number of national priorities – applying this now to health – firstly, what flexibility have you got in simple percentage terms on your £300 million commissioning budget? Is that the right level, and should you have a little more percentage room, in which you could then liaise quite formally with your local council or local body, in a similar way but at a smaller level than what Bob (Neill) has just been saying?

**Caroline Taylor (Chief Executive, Croydon Primary Care Trust):** Of our total budget for this year of £400 million, I would say well of 90% of that is not earmarked, and so I have theoretical flexibility over that. The constraints, if you like, or the parameters within which I have that flexibility, are the requirement to deliver on national targets. However, I think it is fair to say that those are more –

**Councillor Hugh Malyan (Chair):** I am sorry, Caroline (Taylor), to adjunct you; as far as I am concerned, that is earmarked. You can call it a different thing if you want. Ultimately, what we want here is what you have actually got flexibility over, not what the different mechanisms actually control.

**Caroline Taylor (Chief Executive, Croydon Primary Care Trust):** At risk of disagreeing with the Chair, if I may, I think that there are different ways of achieving targets, and one of the issues for us over the last few years in the NHS has been reducing waiting times, reducing waits in A&E departments, and we have tended to do that by putting more money in. We are increasingly recognising that that is not the only, and probably not the most desirable way of addressing some of those issues. It is about how we do things differently; how we ensure that people get the right care, in the right place, at the right time, how we work more on the preventative agenda, and so on. Clearly, at any given moment, the majority of what we are spending is already in the system – and if I use the local example; if I suddenly pulled £20 million out of Mayday Healthcare NHS Trust, local people would not thank me if Mayday Healthcare NHS Trust started to wobble as a consequence. However, over time, we are now working very closely with Mayday Healthcare NHS Trust colleagues to look at who is going to outpatients, and whether that can be managed better; who goes to outpatients on a repeat basis because that is what they have always done; whose diabetic care would be better managed by their GP, which older people who use Kathy's (Jones) service on a constant basis actually need a more proactive approach to their management.

Now I think we have a significant degree of flexibility, and I think certainly locally, you will be aware that through the old service and financial framework, the health improvement programme, and now through our local delivery plan, we always engage with our local health authority partnership; we engage through the LSP, and I am quite clear about the very strong influence that the local council, and other partners, and the local people have on not just how we deliver the national targets, but what the real issues for Croydon. Very often there is a substantial overlap. I do not think that there are many Croydon people who would say that reducing waiting times is a bad idea. However they will say, 'And, we need to address sexual health issues', or,

**31 May 2005**

## **Commission on London Governance: Tenth Hearing**

### **Evidentiary Hearing with the Chief Executives' London Committee (CELC)**

The Commission heard from the following panel. The following Chief Executives and Members of CELC joined Mary Ney, CE Greenwich:

- Leo Boland, Honorary Secretary of CELC and CE of Barnet
- Rob Leak, Member of CELC and CE of Enfield
- Bruce McDonald, Member of CELC and CE of Kingston

**Present:**

London Assembly

Association of London Government

Cllr Hugh Malyan (Chair, chaired the hearing)

Bob Neill (Deputy Chair)

Darren Johnson (AM)

Peter Hulme Cross (AM) substituting for Damian Hockney (AM)

Valerie Shawcross (AM)

## **Transcript**

**Councillor Hugh Malyan (Chair):** Okay, and then we are into our business for the day, Item 3, our evidentiary hearing which is our tenth evidentiary hearing, and welcome to our guests today. I do not know what the collective noun for a group of Chief Executives...

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary of CELC):** A pomposity, I think.

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** Speak for yourself.

**Councillor Hugh Malyan (Chair):** I will not go there, because it will be worse for leaders of councils, I am sure, so we will not do it, but thank you very much for coming. We have Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC) from Greenwich, Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC) from Enfield, Bruce McDonald (Chief Executive, London Borough of Kingston, Member, CELC) from Kingston and Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC) from Barnet and also, I believe, Honorary Secretary of CELC.

Thank you very much, tenth hearing and we have all, Commission members, had your submission to the Commission and we are grateful for that, for finding the time to put together a submission. As I say, we usually have a pretty informal environment. We will aim for about an hour and a half, if that is okay with you, but if anyone has a pressing reason that they want to be elsewhere than please just let us know.

Rather than going straight into the questions which hopefully you have been given a brief sheet on the general themes that we are going to ask around, I think, Mary (Ney), you are going to make a few opening comments to us.

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** Yes, thank you, Chair. I think, first of all, just to say something about Chief Executives' London Committee, that we are an informal group of Chief Executives in the London boroughs and we are joined by the Chief Executive of the ALG (Martin Pilgrim) and the GLA (Anthony Mayer) in our meetings. We have no executive role but we are working to improve collaboration across our boroughs at the administrative level.

In coming and making a contribution to your work, we are very much doing that from the administrative perspective, and to give you any administrative insight into the way things feel to us on the ground in London, and we are in no way wanting to enter into the political domain. Therefore, there may be some things that we decide we cannot answer or comment on, because that would not be appropriate for us as Chief Executives, bearing in mind that we do represent a whole diversity of boroughs with different political leaderships, which are represented here quite deliberately. That is just an introductory comment.

Just to summarise some of the comments that we felt we wanted to make to you, I think that we wanted to give you some comments on the diversity and the differences of arrangements, and the change which we are seeing across our boroughs and between us and other public service providers, and how those sorts of arrangements are very much tackling the differences of governance arrangements that we come across.

One of the key tasks for all of us in the boroughs is improving working arrangements between boroughs and across organisational boundaries with other public service players. That has become an increasing imperative for us and we are finding all sorts of solutions to that. I think in doing that, from our point of view, it is very much about how people work together and it is not really about the structures that they work within, which are of a variety, and a variety of governance arrangements.

I think that we feel quite strongly that, although there is lot of scope and a lot of need for improvement in those sorts of arrangements, that, by and large, they are not structurally led problems, and they are not problems that will be immediately resolved by structural solutions, necessarily. There is a whole host of work going on that we can do, and we have listed in the report, at 3.1, some of the drivers that we see all public services working to in London, which is really requiring us to up our game about how we change and how we



work together, and we are doing that despite the difficulties in governance arrangements that we are faced with.

However, probably for us, one of the strongest levers that we have, as a Local Authority, is the democratic mandate of the council, and therefore how we can get greater leverage on our community leadership role to actually enable us to make those arrangements that we are putting in place more robust and to tolerate how people can work together is a key interest for us. However, mechanisms that improve that leverage and give greater authority to that are beneficial in the sorts of work that we are doing.

An example of that, which is very much in its early days, is the Local Area Agreement (LAA). Although it may not have been presented entirely in that way, I think that the potential for it, really through the pilot LAA authority, there is great potential in that for bringing partners around the table in a quite fresh and imaginative way, if we position Local Authorities to take the leadership role on that. I think that will just give a sort of summary of some of the key things that we thought you might be interested in from our perspective.

**Councillor Hugh Malyan (Chair):** Thank you very much. I will kick off, and you say at the start that your statement about the Chief Executives, amongst others, not wanting to see massive structural change, because of the disorganisation that comes out of it, the period of trying to put all the bricks back together again, I think that is pretty universally accepted in terms of what this Commission is doing.

I note, however, that you did use phrases in your submission about things like transfer of responsibilities and even agency role, which I think we will go back there later on in terms of specific definitions. If we stay at the wider London level, either in terms of cross working, but bearing in mind, quite obviously, the GLA's existence, about the plethora of London's services: do we need more pan-London strategies? As we say in the brief questions, in relation to retention and recruitment – not just teachers or health workers but others as well, other subjects like homelessness that is listed there – is there a role for that to happen?

**Mary Ney, (Chief Executive, London Borough of Greenwich, Member, CELC):** I think that one of the things that we have certainly talked about at Chief Executives' London Committee is the need for more sub-regional working-together, and I think that recruitment is quite a good example, where actual solutions are probably going to be found within sub-regions, rather than completely pan-London, although you would not want them to be working in opposition to other regions of London. Therefore whilst there may be a need for some high-level strategic framework to assist regions and boroughs and other public services, I think that it is an issue that is not just about councils but it is about public service workers across the capital. It is clearly a key issue for us – recruitment and retention of staff at that level.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary of CELC):** I would agree. I think there are a whole number of markets and sub-markets. Therefore, in some professions we do not have any problems in getting people at all, in some there are huge problems. Of course, recruitment is probably only about one tenth of the solution. The

retention is the other nine tenths, and what we are doing actively in the Chief Executives' London Committee is looking at the quite significant amount of money that we spend in London developing our current workforce, and trying to see whether that can be brought together and that we can act together to help develop our staff. As part of that, also perhaps look at a talent bank from within London, so when a service or an authority gets into particular difficulties, that talent bank could be drawn on as part of the development of our staff. I think that is a very fertile area of pan-London working.

However, what I think we would not be for is pan-London future recruitment agencies. We do not think that would work. You do not make a decision as a teacher to work in London; you make a decision to work in a bit of London.

**Councillor Hugh Malyan (Chair):** Thank you. You did mention there, though, the high-level strategy across London. Now, not in the political context at all, but can you see advantages? Give me an example of where a high-level strategy, that does not presently exist, could be useful.

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):** I think you could sort of trend on it slightly. Certainly, one of the big issues is funding for London. Although there are representations made for funding for London, then, certainly there is more scope for recognising the unique contribution of London to the economy, and the particular demands that are being placed on it because it is a growing capital city. I think, certainly, a louder voice that would actually represent the needs of London, not just in local government but in the Health Service and in the criminal justice system, etc. There is certainly a louder voice for funding which would be needed.

**Bruce McDonald (Chief Executive, London Borough of Kingston, Member, CELC):** If I can just add another tenet to that, I think the point about resources and staff, these are fundamental issues and you are right to ask about them.

**Councillor Hugh Malyan (Chair):** I have not actually asked about resources yet.

**Bruce McDonald (Chief Executive, London Borough of Kingston, Member, CELC):** No doubt we will be touching upon it later. If you are actually looking at what the biggest challenges for us are, as London boroughs, I think as Mary (Ney) has indicated in her opening comments we are probably facing in two directions. One is our increased community leadership role – being the bit of communities that can join up all the other partners, adding our democratic accountability to that piece. What becomes increasingly important if you follow that work along, is not the vertical relationships within London government, but the vertical relationships between London boroughs and central Government. It is all of those departmental, silo accountabilities that I am sure that you have heard about already. However if you are really looking at the biggest single thing that needs to shift for us to produce better delivery for our city, it is that dynamic there.

The other one that I think is really interesting and increasingly important; I think in any analysis of capital city structures, it is quite easy to work out that you will have something at pan-city level which is strategic, and you will have

something at local level, but I think you will also inevitably need to have partnerships at a sub-regional level, in order to deliver those things which make best sense to deliver on a scale of more than one borough, but not across London.

**Councillor Hugh Malyan (Chair):** Thank you.

**Valerie Shawcross (AM):** Thank you. I think Mary (Ney) said something about you are not really interested in structural solutions, and then you talked about partnerships. In support of that theme, I think we have seen many successful joint commissioning arrangements and partnerships, but what strikes me always is that those successful partnerships between boroughs, and between boroughs and other organisations, are not necessarily in the old core business. A lot of them seem to be in, I am not going to say peripheral because they are important, but they are either in areas where there has been an externally driven framework and agenda, like Crime and Disorder Partnerships and commissioning between health and Social Services, or the new areas like economic regeneration – I still think that is new – or e-government, etc.

Why is it that we have not seen boroughs trying to deliver economies of scale, for example by voluntarily putting together a joint schools inspectorate team or joint advisory team between two or three boroughs together? Why is it we have not seen core Social Services provision, cooperatively commissioned between a couple of boroughs so that there are some economies of scale? You talked about the difficulties of recruitment and retention when we have seen so many local authority departments, like libraries for example, having to save money over the years by stripping out management, and the big salaries are not there anymore in that area, and there has been a reduction in the management capability of those departments. Why are we not seeing more voluntary collaboration and joint commissioning in the core areas of council business? Is there a reason?

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** I think it depends what you call core. I think 10 or 15 years ago we would have called leisure 'core', and that is now largely outsourced in most of London, through Greenwich Leisure, in fact. I think we do collaborate in the core business. There is an example in the papers that North London works together to attract foster carers.

**Valerie Shawcross (AM):** You think my analysis is wrong, then?

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** It is not entirely wrong.

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** I think it is picking up pace now and I think that the Gershon (Sir Peter Gershon's review of public sector efficiency) agenda is helping to flag that up as well, and I think the comprehensive performance assessment (CPA) arrangements have helped to flag that up, where people start to know who is good at doing things, who has good practice, and therefore they will contract. In Greenwich we provide anti-fraud services for Bromley. We have been doing it for several years and you are seeing more of that.

Some of the sub-regional groupings – the West London Alliance is now becoming quite strong in working together, in running a single housing

register, etc., so I think there are more examples of that, and I think there will be more and I think the Centre of Procurement Excellence will also be another route that will be giving us the mechanism for getting those sorts of arrangements in place. I think there will be a growth of that.

**Bruce McDonald (Chief Executive, London Borough of Kingston, Member, CELC):** I think it sets us an interesting question. I think a point of prominence in my mind is to what extent we have, perhaps, learned new ways of partnership working over recent years in those new arenas which we are gradually widening to perhaps more traditional areas of work. Certainly, there are plenty of signs of that agenda growing at sub-regional level. I can point to an example between Kingston and Merton where we are cooperating very closely, and have done for a number of years, under various different political control, on the inspection and curriculum agenda. There is a very small partnership working there.

However, none of this is easy, is it? It needs clear strategic direction; it needs commitment on both sides over a period of time to actually get some of these key services established in a way which will give people confidence on both sides that they have not surrendered control of their own destiny in setting up those arrangements.

**Valerie Shawcross (AM):** Do you think that there are any barriers in the way of this collaboration? You can talk about interim barriers as well. I have been a local politician, but externally one of the things that I recall was that having everybody design their own best value programme, everybody was actually, therefore, on a different timetable and were viewing services in a different way. Is that a barrier to, for example, joint commissioning of a library service, because you are all reviewing on a different set of priorities and timetables?

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):** I think the biggest barrier is just seeing the opportunity. For example, Barnet and ourselves are doing a Private Finance Initiative (PFI) contract on street lighting and have actually come together because, actually, we saw there were advantages in doing that. I think in some of the areas, this has already been mentioned – sometimes it is difficult to see there is an advantage by doing it.

**Valerie Shawcross (AM):** What would help?

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):** The advantages tend to be either financial, which is the PFI street lighting, or service, so we have very good integrated mental-health teams for the mental-health trials. There is not really a financial advantage per se; there is a service delivery advantage and I think it is really a question of having the strategic business, as Bruce (McDonald) has mentioned. To see the advantages, I think one of the perceived advantages is normally a way to deliver them. In Enfield, I am not aware of barriers, as such.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** I have just been going over your analysis and I think that it is broadly correct, your hypothesis that it is longer standing services that have not been delivered in newer ways. That is partly because you do new things in new ways, but also thinking about the control aspects, which are often as important to members, and perhaps more so, than to officers. If you have a system whereby you are controlling the organisation through other people,

through traditional, military hierarchies, it is quite difficult then to cede control of bits of that business. However, if you are moving to the world that we are all starting to live in, which is where your control systems are electronic, are big core systems and Enfield, Haringey and Waltham Forest all have the same core system, then you can start much more easily and be much more relaxed about sharing things like payroll or pensions in the first place, and I think that is where we will go.

The barriers to that have always been that we had all grown up with different systems. That is starting to disappear now, so those transactional services we can probably start to collaborate with much more in the next five years because we can be relaxed about the level of control that we can have.

**Valerie Shawcross (AM):** I was struck by the overlapping geography of the sub-regions, that either sub-regional geographies are being imposed, Learning and Skills Council, etc. – and there was a particular row about that in South London, if you remember – or you are laying the carpet and creating sub-regional partnerships for different purposes. None of them seem to be entirely co-terminous. How much does it matter that the geography is complex and inconsistent? Is it a problem or is it a benefit that you have the choice of a number of different directions to look normally in your working relationships?

**Bruce McDonald (Chief Executive, London Borough of Kingston, Member, CELC):** My only comment on that is that no partnership is entirely monogamous, dependent on where you are geographically.

**Valerie Shawcross (AM):** That is what I mean. Would it be better if there was a 'Let us decide which bit is...' style of working?

**Bruce McDonald (Chief Executive, London Borough of Kingston, Member, CELC):** I think that is the serious point, and I am sure colleagues in other parts of London have worked hard at it, so that in South London we have an increasing sense of shared identity and shared agenda which we promoted, but that does require quite a deal of consistency of effort and thinking and personality. Our starting point, ironically, was the Learning and Skills Council, which was foisted upon us, as we have just said, and we were ultimately pragmatic about that and decided to make it work and I think we are making it work. Having invested some effort in making it work, whatever it is, I think it is worth sticking with when you begin to get the results from that investment.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** However, I think that if we were to have different boundaries imposed upon us, we would like to be consulted this time and actually look at several different options, which did not happen last time. However, again, to use the marriage analogy, it may be that in these circumstances the forced marriage is the most successful one, because otherwise there would never have been any marriage at all. I think having tried to work the system for probably nearly five or six years, we do have views as to how it might be tweaked.

**Peter Hulme Cross (AM):** I wanted to ask you about homelessness across the capital, really, because I think different boroughs do have different ways of

dealing with this and I have one or two sad stories – well, one in particular, just as an example.

A young lady found herself homeless in Camden. She had moved to Camden and through no fault of her own found herself homeless there, and Camden refused to house her and sent her back to her home borough, which I cannot quite remember, but I have a feeling was Enfield.

Enfield refused to house her, and sent her back to Camden, and she ended up at a hostel there, where an outreach worker took her case and wrote a letter to Enfield, sent her back to Enfield, and Enfield still refused, I think it is Enfield, but I will use that as an example. Enfield still refused and it ended up with the outreach worker actually going in person, with this girl, back, and arguing her case with her in person, and that actually achieved some results.

However, that cannot happen in every case because outreach workers are very thin on the ground, their time is valuable and so on. What is your answer, if you have one? We have a problem, where young people, very often of both sexes, find themselves homeless through no fault of their own, they have been thrown out of their home, they have lost their job or whatever, they have to be housed, they are vulnerable on the streets.

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):**

I do not think there is any easy answer while we have a shortage of housing. Whilst there is a shortage of housing, that will always lead to there being criteria established by the local authority, and then it is a question of whether somebody meets those criteria as to whether they will be housed. I think that the fundamental problem is that we have not got enough housing. That is the real issue.

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** I think that the way out of it is protocols, which actually in the 1990s, I think we used to be quite strong on, on homelessness, and particularly families with children and issues around schools and movement across boundaries. I was a Director of Social Services and Housing then and there were some quite strict rules that people used to adhere to, and that sounds to me like a failure of us to keep up to date, perhaps, with the sort of strict protocols that we should have in place. Regardless of a council's individual legal position, you actually take a collective responsibility about a young person, for instance in your case, and there is some agreement, even if it does not have the power of law but it is agreed across London boroughs, that this is the way that we will behave to deal with those sorts of situations, so we do not get people who are falling through the gaps. I think that boroughs should have the ability to come to those sorts of agreements.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** However, again, on the supply side, we are now, at the moment actively considering a five or six North London borough PFI bid to buy 1,000 units in order to address homelessness, so we can work together well, I think, at the supply side.

However, I do think that it has to be acknowledged that we are authorities and we do have the statutory duty to make decisions as authorities, and

sometimes that is immensely complex. It may not just be hard-heartedness that does that. I am thinking particularly in the case of Social Services. The question of accountability can be very, very technically difficult. It is not people pushing responsibility off, it is actually saying, 'I have to balance the interests of the residents of Barnet with the costs and with the interests of the person in front of me.' The law puts us in that situation which is not always easy to resolve.

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** The protocols should make you care for the individual while you have your argument in another place.

**Peter Hulme Cross (AM):** Yes, the person in front you might have nowhere to sleep, nowhere to go.

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** Exactly, you have to deal with that.

**Peter Hulme Cross (AM):** There seems to be a lack of not just housing, a lack of hostels. There are one or two hostels around. St Mungo's is one that takes people, and there are one or two others, but there seems to be a general dearth of places like that where people can go.

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):** There is great shortage, and obviously we do not deal with council housing, as happened in years gone by. We are very dependent on the private rented sector, where we negotiate reasonable rents to provide additional resources, but I think that you are quite right to point out that in terms of housing provision of all types, there is a massive shortage. If somebody does not have huge demand and if it is somebody with family, they obviously have higher priority than a single person who is not a child, who is an adult. It can be very, very difficult, because they do have a great need but they will not necessarily fit the same criteria as, perhaps, somebody who is 16, or somebody with a family, or whatever.

**Peter Hulme Cross (AM):** I have come across people, particularly young women, who are begging for some amount of money to pay to get a night's accommodation somewhere. I have said, 'How much do you need?' £10 usually, or £20 or something. One particular girl I ran into in a garage forecourt, oddly enough. She had been sent to a hostel which somebody had said was there and when she got there she found that it was completely closed, vandalised and so on, and she did not know where to go, she was just wandering around. Eventually, I said, 'Do you know anywhere?' I was at one stage wondering whether I should bring her home, or something like that. Anyway, she said that there is a place in Acton. I took her there and a bed for the night was £20 or something like that. I understand that there is a cost to us, but for a person who is homeless and who has nothing, £10 or £20 might as well be £100 or £200. It is an awful lot of money.

**Leo Boland (Chief Executive, London Borough of Barnet. Honorary Secretary, CELC):** The homeless person does not know where the borders between authorities are. London is one place, and I think one of the great success stories of London is London Rescue, who have taken on the issue of street homeless across the capital as a whole and they do a service of going out and they are not attached to any particular authority. They do help people

who are homeless on the street and I think they have a very good track record in doing so. That is a London-wide service.

**Peter Hulme Cross (AM):** The private sector does quite a lot, it seems to me. I come across Shelter here and there and the Notting Hill Housing Trust and so on. At Christmas I went to Crisis, to the shelters that they set up over Christmas and I was talking to one homeless man who said something quite interesting. He actually said, 'If you know where to go, you do not have to be hungry because there are soup runs and sandwich runs, and if you know the right time, you can get fed.' I met one lady who goes out at five in the morning every week, once a week, to deliver sandwiches to the place. This was not done by the boroughs; this was actually done by people, charities and so on.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** A lot of Social Services is delivered by the voluntary sector and we would applaud that, and that has been the case for many generations and I think it is one of the strengths of London that it does have a third sector which supports vulnerable people. We try to work very closely in collaboration with them, but very often it is just individual actions, which are making other people's lives better, and what is wrong with that?

**Peter Hulme Cross (AM):** Nothing is wrong with that, but where does the funding come from, ultimately? When the councils have to make cuts, very often it is services like this that get cut.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** Once you get onto the decision of funding particular services against others, I am afraid that is where we withdraw and refer you to our politicians.

**Councillor Hugh Malyan (Chair):** Can I just take this back to where Peter (Hulme Cross) started? I will quickly dispose of the point about inter-council wrangling. We all know that it has happened, and continues to happen in some spheres. Let us not be sidetracked about, with respect, things about pressure on housing. We all know there is a massive pressure on housing out there. Nevertheless, Mary (Ney) referred to the sort of protocols, which should be in place that mean that people do not fall through the gaps, in your expression. Ultimately, someone is responsible, we need to just know, in each circumstance, the host borough, the new borough, whatever it is, who is the body that is responsible.

We have seen it happen – council surgeries across London and surgeries of Members of Parliament (MPs) are full of people with this particular issue, about who is responsible for housing needs, for better and worse, and all the pressures. It has happened in other areas. It has happened in special educational needs – people try to shovel responsibility around the place. We know that it used to happen with a lot of Social Services spaces, although I think that, by and large, that might be a better situation now.

Can we just say a little bit more about that? If we want, and in the terms of your submission, and we will be going there, about greater responsibility and transfer of roles, surely as councils we have to be seen to be able to deal with those things efficiently, because no one, from the Mayor, and certainly from central Government is going to believe a word we say if they have MPs telling



them every day that there was another five cases this Saturday morning of people, because Merton and Croydon are arguing about whose particular responsibility someone is. What more can we do about that, almost to put our own house in order, on that point? Is it a big issue anymore?

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):** Obviously, Enfield was mentioned. I am not aware of that case. I do receive complaints, and particularly the more serious complaints, and I say homelessness of the nature that has been described, has not appeared from any of our three MPs, or local councillors or any voluntary groups in that area, so it is not a big issue that I am aware of. That is not to say that it does not exist because there can be mistakes made in any arrangement, but it certainly is not up there in my postbag of what are concerns, to be frank.

**Councillor Hugh Malyan (Chair):** Would it be getting to you, from your directors?

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):** I think it would be if it was from the MPs, because basically the MPs bypass any system and come straight through and I will deal with their letters and it certainly is not hitting that level. That is not to say that there are not people who are disadvantaged. I do not know.

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** Your comment about, a sort of argument that there used to be between Social Services and health around older people, etc. I think a lot of that was cracked by the bringing together of more integrated approaches to commissioning services, building budgets, even though they may not all be called at the moment, but there is a much greater coming together of health and social care in all sorts of ways right the way up to Section 31 agreements about how we spend our money in the locality on older people so we get that right and we do not have those sorts of arguments in quite the same way as before.

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):** I will tell you, with homelessness, there are well-established groupings of boroughs who exchange information and agree protocols. However, underlying that there is a shortage of housing so I am certainly well aware that there are local people who are not happy in the accommodation that they are living in, which is distinct from being homeless. That definitely is an issue.

**Bob Neill (Deputy Chair):** You mentioned earlier on, you gave quite a lot of examples, and I accept that, I accept cross-borough working, for example, and a lot of which is achieved that way, perhaps, more than a lot of people outside give credit for. Looking at that, Gershon was mentioned in passing, but it was not mentioned in your written submission. Where do you see Gershon taking that? Is there not increasingly a logic that says more and more of these things, that it is sensible for one borough to provide the back-office operations? There is a control issue, but to what extent can you sustain the member's idea that we like to control our own payroll service, say, against the pressure for efficiency? Where do you see that taking it?

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** We see Gershon, pretty much, as business that we have been doing forever, really. We have been, and if you look at the figures, London has done its requirement under Gershon and, actually, there has been no publicly noticeable effect to that. We have just got to be careful

about following the law of economies of scales, because some of us can remember London On-Line Local Authorities (LOLA). Do any of you remember LOLA? This was a consortium of authorities running a computer system, and getting out of it was like decommissioning a nuclear waste station. I think that was an attempt that was ambitious, but premature.

I think you are absolutely right. I think we can start now thinking about running, particularly our support services, on a cross-borough basis. I think there is now a track record of the information technology (IT) industry delivering real deliverables on that. I think the time is right, now, but that again will be pretty much invisible to most people, other than the people who are doing it. That whole activity is becoming quite invisible and less involved with human intervention anyway.

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):**

I think, to expand on what is already being said, that many local authorities have already outsourced their computer services on 10-year contracts or whatever. Effectively, you are picking up economies of scale by having outsourced them, because those private contractors are running a number of local authorities or businesses, and therefore any sort of methodology of saying, 'We will have those four boroughs doing it together,' is not going to be straightforward to implement because some of them will already be in contractual arrangements.

I think that the other point, also, is that we have to be very careful that we do not try to create economies of scale on old methods of working. In today's automated world, a lot of manual handling processes should be completely automated and the last thing that we want to do is create huge back offices which actually should be done in cyberspace and not actually on this world. I think we actually need to be a little bit careful that we are actually looking forward, not looking back in some of these areas.

**Bob Neill (Deputy Chair):** Maybe the more difficult bit comes when you move to something which does not so easily go into the private sector. Planning, for example. There is a huge shortage of planners. The schools inspectorate, something like that. We have the Mayor coming along, I think unwisely, saying that we should look to significant amalgamations of boroughs. I do not happen to think that that is the answer, but you are practitioners. I suspect that you may have reasons which you can say how we achieve those issues by having the boroughs working together, rather than having a solution imposed, either by central Government or by the Mayor. How do you deal with those more difficult services, where it is boroughs working together rather than working with the private sector? It seems easier, in a sense, to do the outsourcing with the private sector than it is for two boroughs to work together. Why is that?

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):**

There are examples. I was saying earlier when we had a cup of tea outside, one of our adjoining boroughs, Waltham Forest, we have a closed-circuit television (CCTV) control centre and we are now monitoring all of their CCTV cameras, because they have not got one. They could have built their own but it was more sensible to work together.

I think it is this question of seeing the opportunity, and as long as you have the dialogue and enough of a relationship, then I think if the opportunities are right, then you can exploit them. I think there has been huge progress in building networks, where actually there are opportunities for people to trust each other, get to know each other. The shortage is always in somebody spotting the opportunity.

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** I think probably the West London Alliance is a good example, where it has been over a number of years that that group of boroughs have built up a relationship which is now actually bearing fruit in terms of the work being done together, commissioning together.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** I guess, also, we are living in a world where direct service provision is not as core business as it was in the community leadership, so actually it may be counter intuitive for us to take on direct services for other boroughs. Therefore, you are right; it makes more sense to use the private and the voluntary sector to provide those services.

What we might, I think, move increasingly to is saying, 'Oh look,' as I said with the computer systems, 'The three of us all have the same provider, is there something that we can do there that joins up?'

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):** That may well be jointly outsourcing and then you get synergies that way.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** I think the point is there is no one simple answer. You have to look at the market. We were worried when we went together into street lighting that the market would not be able to bear the size of the contract that we were putting out. It does appear that they can do, but in another market it may not be there. It is horses for courses. You have to make an economic analysis in each case.

**Bruce McDonald (Chief Executive, London Borough of Kingston, Member, CELC):** I think there is another driver for change, though, which is thinking about, comparatively, the opportunities for partnerships between boroughs, whether back-office management or core service provision. That is the kind of work that goes on in our community leadership role. If we take the children, the developing children's agenda, which is a very big national agenda, and you are looking at new ways of providing services there, creating new settings.

If, working with health colleagues, we are going to be able to take the opportunity to create settings on anything more than a haphazard basis, that actually implies that there is some joint planning around our asset management strategy and the way we take those forward. I think, taking the whole partnership role, which local authorities increasingly have, that actually takes us into some quite interesting new arena, in terms of the way we work together. I think it is a bigger agenda than Gershon, perhaps, implies.

**Bob Neill (Deputy Chair):** The one follow-up before I leave that there is the sort of logic for that, that suggests you can have expansion in a couple of ways, one maybe slightly, not entirely tongue-in-cheek.

We have the scenario where, okay, we have increased the number of excellent councils in London, we have reduced the number of failing weak councils. That is all good stuff. There is a logic, perhaps, which says, 'Should you not be in situation where an excellent council perhaps take on the provision of the services for those that are failing,' and look again, in a different way, across a separate silo, we are doing much more joint working with Primary Care Trusts (PCTs), for example, with Social Services, this sort of thing. Does there come a stage where the Local Authority acts as the commissioner for health services in its area, either on its own, or jointly? Do any of those scenarios follow on realistically from what we are saying?

**Bruce McDonald (Chief Executive, London Borough of Kingston, Member, CELC):** I think potentially they do. I think if you take the example of the Eurostar, I think Kent are already franchising some services to Swindon, so that is always happening.

However, I think one always has to look at what the driver for the change is, what the dynamic is. For things to be successful, there need to be partnerships at either end, so I think it is simply a question of one council saying, 'Hey, we are good at this and you are not; we will do it for you.' I think that is a process that needs to engender confidence on both sides. That, by entering into a partnership, both sides are going to get a service that they need to achieve for their residents, whether that is a partnership between councils, or a partnership between a council and a PCT.

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** On the point of joint health commissioning, we are already down the track of that. We may not be at the acute end, but certainly in terms of older people, children, mental health and other disability, there are all sorts of different arrangements across London for Local Authorities and PCTs to be sitting together doing that commissioning task, with or without that formal, Section 31 agreement. I think that is very much a path that we are already on.

**Bob Neill (Deputy Chair):** What you are looking for is not anything that puts you into straitjacket but the removal, if you like, of structural barriers that prevent you doing it – freed up so they are not in silos so much.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary CELC):** However, I think where the policy development pressure is coming at us is to look at working across boundaries within our locality, rather than looking outside of our locality. It is looking at how we influence and work with the big institutions, such as the police, the health authorities, the college, the Learning and Skills Council. That will probably, if you read the Government's manifesto, be accelerated rather than anything else.

**Bruce McDonald (Chief Executive, London Borough of Kingston, Member CELC):** I think if you are to try to picture that, there are really two dynamics at play here. The horizontal one, in the community leadership role, which is us and our partners, that is finding that organisational boundaries become more and more permeable and quite a lot of energy and potential emerging from all of that.

However, for that to be really fulfilled at a local level you need to look at the vertical dynamic, which is this thing about the silo accountability; what the Audit Commission famously call the 'Humpty Dumpty Effect'. Have you come across that? Government sets out policy in quite a wide way. Then it gets pushed off the wall and when it gets down to a local level, it is our business to put it all back together again.

The self-evident argument is that if that is what we are trying to achieve, there is a certain amount of diversionary effort going on here, but changing those vertical departmental relationships would enable us all to achieve better outcomes for our residents.

**Murad Qureshi (AM):** Thank you, Hugh. I just want to come back to the submission that you made. I was reading through and was struck by a point that you make in five points about the Government Office for London (GOL). As a group of London Chief Executives, you are aware that your colleague Chief Executives in other parts of the country have enjoyed a more positive relationship with their respective Government offices. Could you expand on that?

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** I think that we can all contribute something on that. I think that you very much get the sense from colleagues in the rest of the country that they see the Government office as the face of Government. When you are in London, you do not. We are too close to the Government departments, so there is a sense that the Government office is almost between you and who you really ought to be dealing with and talking to.

I think that is one of the features of it. I think as well, that the key point that we make about GOL is that there is so much of our relationship with GOL at the moment which is about performance management, in a way which we think is not sustainable or appropriate for them or for us. I think that the LAA is an opportunity to try to move away from that, but it is certainly very early days for that. However, I think there is a lot of potential in the LAA to shift that, but that is not where it is at, at the moment.

I think that performance management relationship is quite a barrier to the wider relationship that we should probably have with Government, going back to Bruce's (McDonald) point about the silos that somewhere in Government someone needs to have a holistic view of us and what we are trying to do as councils, and what we see as our issues and our role and, therefore, what each Government department's agenda brings to that. In terms of the Government, obviously there is a place for that but I think that it is quite difficult in London for that to work.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** However, they can usefully broker things and the PFI that Enfield and Barnet are in, GOL were in the middle of that, and they were arguing with their sponsoring departments that this was a good thing and that this was a good way to do it. I think, if it had not been for GOL it would not have happened in that way.

Equally, last summer they hosted a series of seminars for North London to get together and say, 'What is North London about? What is the vision, where is that going?' Actually, that was a very useful role, as people who understand London but are slightly apart from the localities. I think that there is a role for them to understand and argue the case for London, but like Mary (Ney) I would tend to steer them away from detailed performance management, because after all we do have a whole range of inspectorates that we are answerable to.

**Murad Qureshi (AM):** That is broadly in line with the kind of views coming from the Mayor's Office, the London Assembly and the ALG. You do give scope for them to facilitate strategic-level dialogue. I do not think that we have given some thought to this all in our earlier discussions. You have given us an example. Where I think they fall down on this is they do not have democratic accountability in any way. There may be other places where you can get that, and have that performed just as well.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** The beauty of them helping to facilitate that is they are then internalising the argument and making the argument back to Government about what North London needs, and I think one of the direct results of that work was that Barnet became an Opportunity Borough this year and got money for infrastructure within the authority for the first time ever. It is that dialogue between departments and localities that works.

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** I think it is this need, as we see, that Government should have a view of us as individual boroughs, as well as sub-regionally, which cuts across all of Government's activities, which does not happen very well at the moment, because it is silo driven. The Department for Education and Skills (DfES) have a view, the Department of Health have a view, the Office of the Deputy Prime Minister (ODPM) have a view, but actually, no one is seeing us as a whole, with the whole agenda that we are trying to deliver on, which is not just about their silos, it is actually about the whole well-being of a community, cutting across the whole piece.

**Bruce McDonald (Chief Executive, London Borough of Kingston, Member, CELC):** I think the LAA is particularly exciting because it has the potential to do that. One of the things that we have been arguing and submitting a motion for is, essentially, and I have my script ready from when I have already said it, 'Local freedom for local partners to deliver a local vision.' ODPM, I think, has done sterling work in advancing that notion and arguing for it. However, to really work, it needs buy-in by all the departments and I think that we are saying that GOL has achieved an influential role there, but it is subject, really, to the way that GOL and ODPM are seen by the other departments.

**Councillor Hugh Malyan (Chair):** If we take that a bit further: GOL, does it have that role? If we get away for the moment from the general agreement of getting out of the business about performance management, is it GOL's role to be a champion of London within Government? Is it possible for GOL, where GOL employees, at the end of the day, will do that when they look outwards? They are spending a lot of their time looking at councils and other bodies at the moment. Is it their role? Would not the GLA, a democratically elected body, ultimately, once it had bedded in and all the rest of it? Would

that not, in principle, be the better champion, right into the heart of Government to do exactly those same things, but not the Government employees who are trying to face two ways at the same time?

**Bruce McDonald (Chief Executive, London Borough of Kingston, Member, CELC):** I accept, entirely, that one can portray GOL as having to reconcile a tension between, on the one hand representing London to Government, and Government to London. That is clearly a tension to manage. Equally, there is the question which runs through all of this about democratic accountability and deficit. Clearly, in as far as funds come through GOL, then perhaps democratic accountability is not being exercised.

I think the answer to the question probably has two parts. Clearly there are roles for other London entities, notably the GLA. However, equally, there needs to be someone behind the scenes in Government actually coordinating the departments to ensure that those departments which want to remain in splendid isolation with their insular view of their priorities are challenged. Something, some agency must be doing that in Government, quite apart from whatever other influence can be brought to bear by organs like the GLA, through its democratic accountability.

**Murad Qureshi (AM):** I just want to be clearer. What bits would you want to remain with GOL and what bits would you cut out, so to speak? I think we are talking around it, basically, and it would be useful to be a bit more direct.

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** We would do dentistry on the planning department, I think. There are little bits that are in your way, rather than facilitating you.

**Councillor Hugh Malyan (Chair):** Perhaps we should just broaden that slightly, because your submission talks about the maze of arrangements. Although in a negative sense, it mentions the key role of the council in providing democratic legitimacy, so we would not be leading ourselves too far in a direction to see that as a pro-council, democratic legitimacy role, neatly taking a wider responsibility from your own submission.

If there is an enhanced role across, and again in your phrase I think, the 'whole range of public services'; which services? We can include GOL in this in terms of performance management but also this is a lot of lolly on other matters as well, in terms of neighbourhood renewal and other matters, crime and disorder reduction and loads of other bits and bobs. Either GOL, but what about in terms of even bigger issues, like the Metropolitan Police Service, whether is the Health Service, whether it is the Learning and Skills Council. Using your phrase again – 'a transfer of responsibility' – could one of you give us an example of one of those big firms, of how you could see a transfer of responsibilities, and, obviously, at the end of the day how we will convince Government that it needs to be done because there will be an improvement of services to residents at the end of the day, because we are all wasting our time if we cannot show some form of improvement? Someone be brave.

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** Take something like Jobcentre Plus, for instance, and I think the point we are trying to make is that we want to start with more leverage, so we want Jobcentre Plus to work alongside our services, in our buildings, on projects

with us, in lots of integrated ways. At the moment, we do that by persuasion, by collaboration. The LAA is giving a bit of leverage to that so they can sign up and be part of the LAA.

However, we still are operating on a local level with our local managers and our local offices. We have no strategic relationship, really, with the Department of Work and Pensions (DWP). That is a bit of the Government that is missing. I think the comment was about, 'How do you build that sort of relationship, then?' We could have a transfer, an agency role –

**Councillor Hugh Malyan (Chair):** You talked about a transfer of responsibility.

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** Somehow we need to have more of a strategic relationship, a commissioning relationship with the DWP in relation to those sorts of services, because there is such a link with our services on the ground, and with our client group, and particularly with our most deprived and vulnerable groups where they do not want to see a separate service for one bit of their benefits agenda to another, to job seeking, etc. It needs to come together, so that would be an example where it looks as if some sort of more structural change, even if it is on an agency basis rather than change the world, would actually benefit local people very directly.

**Councillor Hugh Malyan (Chair):** I need to be quite clear here. Has that got some responsibility in there? Whether we use this new agency role model, or whether it is just a transfer of responsibility, that is a fairly clear statement of a transfer of responsibility. Whether it is the DWP or whatever, is that enhancing the influence of the councils, strategically, over what is happening in their patch, or is it just an earlier warning of what DWP are going to tell you to do anyway?

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** I would think of it in terms of giving us much more clout to influence that strategic agenda, to be the commissioners, if you like, alongside them. It depends how you transfer, and what you are transferring, whether you are dealing with the commissioning end or the front service delivery end. There are lots of different ways that you could play into that.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** Could I look at the public health agenda as an example, because the White Paper will make public health core business for Local Authorities. Of course, with our environmental health duties it has, in many ways, often been core business.

However, where I think a clear policy statement, even a legislative statement would help, would be to say that the local National Health Service (NHS) has a duty to collaborate with the local authority in pursuing its public health duties. While it works most of the time, if a particular NHS organisation in the locality chooses not to – of course the pressures for them are all downwards – then they do not.

Therefore, giving them extra responsibilities to work with us would be very helpful. Indeed, that is what has been done with the Crime and Disorder



Partnerships the last couple of years. They have been made statutory partners, which is very helpful.

**Darren Johnson (AM):** We have talked quite a bit about the relationships across boroughs and working with other boroughs and also relationships with central Government. What about the GLA? Do you think the balance, the distribution of powers between the Mayor and the boroughs is currently about right or would you see some shift?

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** We did discuss this. We did not come up with anything very staggering. I think, on the whole, that people's experience was that it seemed from our perspective to be about right and that there were not any particular examples we came up with.

**Darren Johnson (AM):** The Corporation of London mentioned planning as a particular concern of theirs, where they felt that too much has been determined on actual decisions, as opposed to the strategic London Plan.

**Bob Neill (Deputy Chair):** I think they were suggesting that there was a category of what has to be referred to the Mayor, which is why a lot went up that was not strategic.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** In a lot of my experience the things that have gone up have been strategic developments.

**Councillor Hugh Malyan (Chair):** In order that we do not have a turf war between the GLA and boroughs, what about down from central Government to the GLA in terms of widening or strengthening its powers to operate on behalf of London?

**Darren Johnson (AM):** The Mayor's scenario was the GOL should be abolished and the ALG and the Mayor sit in a room and carve up between themselves what they want.

**Valerie Shawcross (AM):** That is not quite fair.

**Darren Johnson (AM):** That is what he said, word for word.

**Valerie Shawcross (AM):** No, I think there would be a small group of residual offices in GOL who would support the minister for London and have a strategic function. I think he was talking about going from 300 to 30, I think.

**Darren Johnson (AM):** However, then on the other 170 or whatever, he was very much seeing some powers going to the GLA, others going to the boroughs. Have you got a view on that?

**Councillor Hugh Malyan (Chair):** Neighbourhood renewal. Is GOL having a big role in neighbourhood renewal funding? Would that not potentially be a better function for, in terms of democratic legitimacy, a body for London?

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** My experience of GOL's role in neighbourhood renewal is that it is almost purely around performance management and as a post box for Neighbourhood Renewal Units and the boroughs. They are not influencing very strongly the direction that we take locally. It is developing our neighbourhood renewal strategies and getting those signed off by the Neighbourhood Renewal Unit and the work plans signed off by the Neighbourhood Renewal Unit. Therefore I think they are much more performance managing it overall and doing that collection of information for

the Neighbourhood Renewal Unit about what we are doing and what impact it is having.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** Barnet does not have a neighbourhood renewal scheme. I think in planning, actually, again I would say there has been a very useful three-way conversation between the GLA, GOL and Barnet, particularly around the massive redevelopment sites such as Cricklewood, which are not just regional. These are national. I think the Government does have a legitimate role in there, as well as London, as well as Barnet, so I would not plead for a huge differentiation, no.

**Darren Johnson (AM):** Just finally, sort of moving things downward now, and we have spent time with other witnesses as well, talking about how we re-engage communities at the local level and improve decision making within particular communities or particular wards or whatever. What views have you got on that?

**Mary Ney (Chief Executive, London Borough of Greenwich, Member, CELC):** I think that particular area of what we do has probably got nothing at all to do with any of our structures, in a way, because I do not think that that is what people really engage with, and it is the local issues. I think, probably, one of the most important things we can do is, as councils locally, try to join that up better, so they are not being separately consulted and talked about in silos by different public services but that we actually develop ways where people can come together across public services with local people to talk about issues, which always cross over anyway. That tends to be not about structure but on the ground practicalities about what are the neighbourhoods that make sense, that are not about any of our boundaries, necessarily.

**Bruce McDonald (Chief Executive, London Borough of Kingston, Member, CELC):** I am sure there is a variety of approaches across London, but the bit I can contribute from Kingston is our experience of running neighbourhood committees for 10 years. These are committees which have executive powers, their own budgets, the planning and highway authorities for their area, up to certain levels of decision-making. Research can be done on those which demonstrates that people value those as very accessible fora when we are doing something that touches their lives, they can come and be heard and participate in the decision.

**Darren Johnson (AM):** Did the executive role and the budget role evolve over time or were they set up as quite recent bodies?

**Bruce McDonald (Chief Executive, London Borough of Kingston, Member, CELC):** It is almost very exciting. In the last 20 years we have only had eight years of clear control, so we have had some tos and fros, but the interesting thing about that as a neighbourhood institution is that they have stood the test of changing political control and we have had some changes of budgets and powers around the edges, but as institutions, we see them very much as part of our fabric now, and people will turn up in large numbers.

**Darren Johnson (AM):** Your view is that people will only turn up and engage if they actually taking part in something that has an executive role and has a real budget, rather than a forum or a talking shop?

**Bruce McDonald (Chief Executive, London Borough of Kingston, Member, CELC):** Intuitively I think we would all feel that, but I think the research that we have done has shown that is true, too. People want to be

able to come along to a forum and listen to and participate in a subject which interests them. We have that bit of experience to contribute and the way it has basically worked is we defined an overall strategic framework right at the beginning and then neighbourhoods could do whatever they liked, as long as it was not in conflict with the strategic framework. That has worked quite well.

We are quite interested in the local government code and additional consultation and there can be documents around that, and we are looking at ways in which we might widen that role to have local community leadership within neighbourhoods. You can think about environmental issues, crime and disorder issues, which are quite often really micro-management issues where having a small area of focus is quite powerful. That is a small area of experience that we can contribute that has worked for us. I would not say that it is necessarily the model for everyone but I think that it demonstrates that you can have a range of different approaches and you can do things which at first sight look radically different and then, over time, they just become what you do.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** I am slightly puzzled at the current modishness of talking about wards. Wards are very important in the fact that they elect three members, and they often see themselves as a team. However, at service delivery, a ward is not necessarily a sensible boundary.

**Darren Johnson (AM):** I do not have a clue what the ward boundaries are.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** What I am obsessed with, because we now have the tools, with geographic information systems (GIS) and the data that we collect, of targeting down to individual streets, so if there issues around youth, working on a ward basis you will miss the problem. If you work on the level of, I think they are called Super Output Areas now, you will be much more in tune with the fine-tuning of the issues.

How do we empower the citizen more to direct the services which they get delivered? I can see, in two or three years' time, a situation where, as a citizen, you will be able to ring up without any human intervention and order the collection of that abandoned vehicle outside your house. From the point of view of service delivery, rather than democracy, I would say streets and citizens as where we are aiming to, to more customise the offer that we are giving.

**Darren Johnson (AM):** What about the engagement side? It is great to be able to deliver services down at street level, but what about the actual engagement?

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** I do not think that necessarily needs to be tied to geography. I think there are active engagement communities. We have a very active faith forum in Barnet. I think schools, successful schools are fantastic communities of engagement and they should be designed to be even more so, and I think the voluntary and community sector is also... We have a twice-yearly citizens' forum where you decide whether you want to come to that, and you come and you discuss an issue of the moment. It has been crime and health the last two times. That is people who are, if you like, active

in civic life but do not necessarily have any elected posts. I think what you have to do is layer all of these things together. There is not one magic answer, and I do not think it is necessarily that working at ward level would be the magic answer.

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):**

I think I would agree. We have different formats. Safer Neighbourhoods, which has come in, those meetings have been incredibly well attended because people feel they are making a real difference to safety in their streets and we operate in these scrutinies, where we scrutinise what public agencies in the borough are doing. They are very well attended by the public – up to 200 people come when we are talking about matters concerning health. I think you do need formats, which will tap into different people's interests and modes of operating, really.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** If somebody proposes a mobile telephone mast you will have an instant community, or around the development of a supermarket. Where I live, in Barnet, there was going to be a supermarket. A very active community came together, the decision was not to go down that route and that community then disappeared. I think that is fine, that clearly works.

**Councillor Hugh Malyan (Chair):** We know that, that always happens – a massive local issue, a community will come together. A variety of different models, some of which have come out here anyway, and we know it will be different across London and probably we do not want some universally imposed model anyway, but what about nearer to what Bruce (McDonald) was talking about what is happening over in his patch, the example of executive decision-making. What I did not feel your model touched on was just the obvious one of the normal built environment in the area, which exercises many people very, very much.

Whether that is in relation to crime, or just general feel-good about whether there are any bits of graffiti, whether the grass has been cut, whether the trees have been lopped and the verges edged or whatever. Is it a smart-looking place? Whether that is in terms of urban parishes, whether it is about of local budgets, whether it is £20,000 a ward, and I only use the ward, because I accept your point, because it is a body that is there. Is there room for more of that to happen?

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** I think we have probably all got local environment committees, or they will be called different things, and I think we are thinking in Barnet that it is time to have a closer look at those and refresh them and modernise them, because they are built on, probably, a pre-executive model, and do not use a lot of IT and a lot of the detailed knowledge that we have of areas, and we do need to look at modernising those. I think that we did not mention those because they are a given in most of London, now.

**Valerie Shawcross (AM):** Historically, the issue about governance in London has been about administrative boundaries catching up with the reality of urban London, and I was just wondering how things are on your outer boundaries. I am talking to Barnet and Enfield, really. Do you think we are too London-focused, and we are not actually collaborating enough in our broader South East region?

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):**

Yes, I think that is a terribly good point. Enfield, as you know, is obviously bounded by Essex and Hertfordshire and the commuting issues, just to raise one, traffic congestion. Many staff not only in the council but in the borough are commuting in from Hertfordshire and Essex, and when you look at those types of issues, if you take the issues of schools, we have children crossing boundaries. Although we do have relationships with Essex and Hertfordshire, they are comparatively underdeveloped compared to other London boroughs. However, in reality, the problems are becoming the same and if the housing growth continues...

**Valerie Shawcross (AM):** Is this something you would want to suggest that would facilitate that by the improved relationships with our penumbra? What would you call it, the hinterland?

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):**

I think there are bigger issues. This is slightly off governance, you might argue, but if you take transport, then I do believe that the issue of the responsibility of the Highways Agency that controls the M25, Transport for London (TfL) and the various rail service companies does need looking at. At the end of the day, if you are stuck in an outer area, to get any dialogue, is it the Highways Agency, is it TfL, is it some railway company? Very, very difficult and I think in terms of transport planning you do need some much better coherent planning for Greater London if you want to call it that.

**Valerie Shawcross (AM):** I think the planning scrutiny that we did, we thought about the need for a look at a broader context for the South East, and transport is the area where...

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):**

I think certainly in discussions with Essex, they very much recognise that in some senses their interests align closer to London than they do to the region next to the one that their residents are in, because their problems are much more similar to Enfield's than, say, Cambridge or whatever. I do think that the world has moved on.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** I think if you look at the London-Stansted Corridor, that is based, to an extent, on addressing deprivation, certainly in the Lea Valley. You could make an argument that there is a corridor – Kensington and Chelsea, Camden, Barnet, Hertfordshire – where we have many of the joint problems of growth.

Our populations are expanding, largely through private development. What do we do about schools? How do Hertfordshire's targets relate to Barnet's targets under the Mayor's Plan. Of course, Hertfordshire does not have targets in the Mayor's Plan, but we have been talking to them about that. I think that would be quite an interesting way of saying, 'Where are the economic similarities?' rather than just the geographical ones. Half of my staff probably work in Hertfordshire.

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):**

If you extend it to crime, there is dialogue between the Metropolitan Police and the surrounding police forces. Potter's Bar, which is just over the

boundary, people winging their way up the A10, along the M25, do their robbery and then they skip to London. Actually, those boundary lines do not really work because certainly southern Hertfordshire and western Essex is an extension of the London suburbia. I am sure that applies if you go around the whole London curve. Talking about governance in the broadest sense...

**Valerie Shawcross (AM):** It is a real issue for you.

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):** It is a real, real issue and I think it will be a growing issue, to be honest, as well.

**Councillor Hugh Malyan (Chair):** What will be the solution? Bearing in mind, stating the obvious, that this commission has nothing to do with boundaries. I will just get this out of the way. What are we going to do to help the communities inside London that have been affected by this, and also, to the same degree, the communities on the other side?

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):** Firstly there is a distinction between delivery, which is effectively the authorities that set up delivery, and strategic planning. If you take, say, transport, you really do need, in my opinion, to consider the scope of strategic planning, and which authority and which area does it plan for. To only have an authority which is planning, effectively, within a radius that is artificial does not really address transport for the needs of London. I think it is the strategic planning which needs to be considered, those boundary lines.

**Valerie Shawcross (AM):** Do you think that the GLA boundary feels artificial now to you?

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):** In my personal opinion, I am born and bred in London, the answer is it was very natural when it was first created and it is very, very artificial now. Very artificial.

**Bob Neill (Deputy Chair):** There is almost an argument that London lacks a set of relationships which you get in Paris, in the Ile de France region. Either we construct that ourselves...

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary):** We do have soft relationships, but they are not sufficiently...

**Valerie Shawcross (AM):** At a local level, so cooperation at a strategic regional level would help you.

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):** I think it would help London.

**Valerie Shawcross (AM):** It has certainly been talked about in the context of rail because you could not have a transport authority without going...

**Rob Leak (Chief Executive, London Borough of Enfield, Member, CELC):** Talking about the transfer of responsibility, the role of the Highways Agency controlling routes like the M25...

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** Could I ask that you do not call them the hinterland, because I got quite annoyed with a GLA planner who, when I first went to Barnet said, 'Out here in the hinterland.' I said, 'Would you like to live in somewhere called the hinterland, much less the penumbra?'

**Valerie Shawcross (AM):** I am struggling to define the language and that shows that we have not actually had the debate.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** The paradigm is wrong, yes. They are all awful words.

**Valerie Shawcross (AM):** I did not mean it in any derogatory way.

**Leo Boland (Chief Executive, London Borough of Barnet, Honorary Secretary, CELC):** No, no, they are the standard town-planning words, and they are out of date. We need a comparator.

**Councillor Hugh Malyan (Chair):** We used to say in the South London boroughs, do not forget that doughnuts have a hole in the middle. Colleagues, I think we are going to draw it to a close, there, and just to say a big thank you to the four of you for coming in and being open and honest.

‘And, we need to think about the particular needs of people with learning disabilities in Croydon.’

**Councillor Hugh Malyan (Chair):** Yes, competing priorities. Thank you.

**Carolyn Regan (Chief Executive, North East London Strategic Health Authority):** You asked about London as the capital. I think that the point we would make as the NHS, is London is a world city, and the importance of research and development and academic links, and all the rest of it, plays into the case for funding. We prepared a report – I can get more copies – about the *Excellence in Health: Ensuring the Future*, which picks up those very arguments.

**Councillor Hugh Malyan (Chair):** That would be most useful actually. Thank you very much for that.

**Bob Neill (Deputy Chair):** I have read it; it is very good.

**Stuart Bell (Chief Executive, South London and Maudsley NHS Trust):** If we want to bring out that point, we need to be comparing London with other world cities, because at the moment we tend to compare it with other bits of England, and it needs focus.

**Councillor Hugh Malyan (Chair):** No, I think actually, that this organisation – the GLA – is very conscious and certainly the Mayor never forgets to tell everyone that our main competitors are other world cities in all sorts of different ways, so we do very much culturally have that point on board.

Right, we will close there. Can I say on behalf of my colleagues, a really big thank you to all of you. It has possibly gone just a fraction longer than I had intended and I apologise for that, but thank you for being really helpful with the collection of expertise you have brought. Carolyn (Regan), thank you for leading the team, but also to each of your colleagues for their contributions – most helpful, thank you very much indeed. Colleagues, that draws us to a close.



**7 June 2005**

## **Commission on London Governance: Eleventh Hearing**

### **Evidentiary Hearing with Representatives of Grass Roots Organisations**

The following witnesses from “Grass Roots Organisations” attended the meeting to give evidence to the Committee

- Simon Wooley, Chair, Black Londoners Forum
- Matt Dykes Policy Officer of SERTUC
- Kate Monkhouse, Director, London Civic Forum
- Peter Eversden, Chair of the London Forum of Amenity and Civic Societies

#### **Present:**

London Assembly

Association of London Government

Darren Johnson (AM)

Cllr Hugh Malyan (Chair, chaired the hearing)

Val Shawcross (AM)

Cllr Cameron Geddes

Peter Hulme Cross (AM)

Cllr Steve Hitchins

### **Transcript**

**Councillor Hugh Malyan (Chair):** Okay, we are going to make a start. Can I just firstly say welcome to Simon (Wooley, Chair, Black Londoners Forum (BLF)); to Kate (Monkhouse, Director, London Civic Forum); to Matt (Dykes, Policy Officer, Southern and Eastern Regional Council of the Trades Union Congress (SERTUC)) and to Peter (Eversden, Chair, London Forum of Amenity & Civic Society); thank you very much for finding the time to come and speak with us today. This is the eleventh hearing of the Commission on London Governance. We have been seeing an absolute whole range of people who have some sort of stake in London, and we are pushing on well with the Commission’s work at the moment. Just out of interest for you, although you may already know, we have interim report which will be launched next Monday; with some initial findings and thoughts, but obviously, the main paper will be the final report, which we are aiming to finalise by December this year.

Once again, thank you very much for coming along. As I said, we have heard from a whole range of people – from the great and the good, to put it another way – and we are keen to get right into the heart of issues in London, in the governance models. Kate (Monkhouse), I have had the privilege of coming and speaking with your Civic Forum group already, and hearing some of their views. Separately, for these commission hearings, Richard Derecki, and I,

and occasionally Bob Neill as well, will be out on our travels, speaking to other groups, and hearing from other groups over the next couple of months.

To begin, just in terms of what we are doing and the present governance arrangements in London – can you give us what you think are the key challenges in the future, facing London, and facing Londoners, and about the provision of services that Londoners receive at the moment? It can either be a holistic thought on the subject, or something very specific, that you think is going well, or going bad. Would anyone like to kick off on that score?

**Peter Eversden (Chair, London Forum of Amenity & Civic Society):** I think the key thing will be community participation. It runs through so many of the proposed areas for discussion that you have put forward. It was strongly worded in many things like the Local Government Act 2000, and all of the Government's publications about community involvement. However, it is very difficult to achieve – the Local Strategic Partnerships (LSPs) have shown that – but also, I think some boroughs have demonstrated that they are prepared to allow it and encourage it at area level, and others have completely avoided the opportunity.

Our members know that, at the area level, it seems to work. It goes well with the LSPs, and it operates where community and voluntary co-optees are taken on to area committees, and through that area committee is devolved some planning control up to a certain level – community budgets, capital expenditure, the right to work on traffic order considerations. On others, there is none of that. Councillors might say, 'Well, there is a Local Area Forum, you can come and chat,' but people do not feel empowered to influence. I can expand on LSPs if you wish, and how that has demonstrated the difficulties.

**Councillor Hugh Malyan (Chair):** We will come back to LSPs, I think. My broad experience was, across London boroughs, that all boroughs had some form of neighbourhood partnership scheme, or area committee, area forum scheme. Do you think that is not the case?

**Peter Eversden:** I think that is not the case. I work in a borough, I live in a borough, which did it even before the Act was passed – Hounslow. They have two types of area committee. One deals with planning matters, where the local councillors are making planning decisions, and if I may say, not the councillors at the other end of the borough who have never even seen the site. There is another committee which looks at the delivery of services, called the Monitoring Committee, and they meet monthly. The Monitoring Committee commissions studies into the delivery of services, and how they are actually being complemented by voluntary services, and what the priorities are, and what is going wrong with open space management or social home maintenance – anything. It seems to be very effective. However, in Ealing, next door, there is an Area Committee where no one from the public is allowed to speak unless they have given one month's notice for one minute's presentation.

**Councillor Hugh Malyan (Chair):** This is at an Area Forum meeting?

**Peter Eversden:** Yes, and nothing is devolved in the way of power to that set of local ward members.

**Simon Woolley (Chair, Black Londoners Forum):** I would agree with that. I would agree that community participation is central to vibrant local or regional governance. There is a massive deficit; if we look at the representation of the Assembly, for example, or even this Board, or even this Commission – that people feel that they are not engaged, and they do not have a seat around the table. Therefore, I think that two things need to be undertaken. We have to see it on a national level, but also on a regional and local level – and that is the empowerment, the civic empowerment of ordinary local people in terms of them understanding how their local authority works, how the Assembly works, how the Greater London Authority (GLA) works; and mechanisms – really effective mechanisms – for them to play a role. As Peter Eversden said, there are often forums, but they have no real clout – they are just really political crumbs that are given to the community to say, ‘Well, you are part of this process,’ but really they are not, and they know they are not.

**Councillor Hugh Malyan (Chair):** Can I just stay on that point a moment and go a bit into it – put me right if I am wrong – but from the 2000 Act, the new political operating system, which was the sort of the cabinet and the backbencher scrutiny split, but then the third part of the triangle was greater participation from outside, but through a variety of structures. However, mentioning models like area forums, neighbourhood partnerships, Government were not specific about devolved power in that sense. Therefore, they were –

**Peter Eversden:** Not.

**Councillor Hugh Malyan (Chair):** No, thank you. Therefore, there are a variety of structures being used across London boroughs, so there are a couple of questions that come out of that. Are you looking – and I am specifically looking at Simon and Peter who have spoken on it already – are you looking for very similar structures across the whole of the London boroughs, all 32 boroughs? Is there not some benefit from having a variety of different structures – different systems, basically – being used in the different boroughs? Although there are already clearly variations, is it bad that one borough – including my own former borough, Croydon – has a whole network of neighbourhood partnerships? They are pretty hot debating forums, but they are not decision-making bodies, but by goodness, the opinions get back up pretty quickly. Any thoughts on those two points about whether it should all be uniform, or what is wrong with bodies that are a cipher?

**Simon Woolley:** Well, surely you would need both, I would say, to be more strategic, and put in place what works, in all of the boroughs, if you have those models. There may be some that are pertinent to particular communities, so it is not an either/or situation. As well as that, you have to ask yourself the question: where is it? What is out there that is informing

communities on how these bodies and how these institutions work, and how they can effectively get involved. I think the short answer is that there is very little out there that gives them that routine. What my experience has been is that a lot of the people that are sitting on those bodies are there because they show up, or because they are busybodies. That is not running down busybodies – sometimes they do good work. However, it is not as equitable as it could be, in terms of generating a bottom-up approach to civic engagement.

**Councillor Hugh Malyan (Chair):** Thank you.

**Peter Eversden:** Certainly, I think there can be variations, and it will not really matter, providing we can manage the cross-boundary issues. Obviously, it will come out in the Sub Regional Development Frameworks (SRDFs), where boroughs are jointly managing a huge park, or have responsibilities which cause issues and less error approaches which are complementary. Therefore, it would not really matter that the methods are slightly different, and some boroughs might focus very strongly on LSPs, and others might go for decision-making area committees. Providing the community engagement can be achieved, in the case of LSPs, the Government has recommended – and it usually happens – that community and voluntary participants are actually voted on. They have a tremendous backing and it has been seen that, if they go out and do a survey, they get twice the hit rate that a local authority might do.

If you have a look at the co-optees onto an area committee, they are normally voted on as well, and they have to be approved by the community groups and the elected members to sit there. However, by sitting there, they are often a voluntary, a community and a businessperson participating on the committee, not just hoping to be heard from the floor. All of these mechanisms, we have got to use. The Government's White Paper in 2001, *Strong Local Leadership – Quality Public Services*, was all about reaching out, and there is a lot of use of this phrase 'hard to reach'. There are people that we have to engage that I would describe that way, but I do not want to use that term, because they are marginalised. They have not got the ability, the training in representing themselves, the creating of representatives, to be drawn in – other techniques have to be employed. I think it may be difficult, but it is not that difficult, and I think the LSPs have been more helpful than the area committees, in drawing in the people you might think are marginalised, because they have focused on a specific service delivery, or disability, or something, and they have been really vital to the LSPs.

**Kate Monkhouse (Director, London Civic Forum):** I think it is important to make a distinction between involving people simply around public services, as distinct from the civic engagements, and I think there is a difference between those. I very much support what Peter and Simon have said already, about the importance of community participation as being an absolutely key cornerstone of the way in which public services are delivered. However, it is important that we do not take Londoners and put them in the box of being consumers or customers, who are merely recipients. It is important that the

community involvement process is also about how they want their community to be shaped, and to have the opportunity to be involved in things that are not just about delivery, so that it goes wider about that – it is about identity, it is about where you live, it is about culture, it is about heritage – and to try and then link the people who represent them, and the ways in which they are involved, in ways that are appropriate, into that.

In terms of the challenges facing the local public services in London, I think there are a couple of things which are important to add into the debate here. One is the challenge that this is very much a national agenda now the Government is interested in this. The Home Office, the Office of the Deputy Prime Minister (ODPM), the public services; how do we create quality public services in a changing world, and in a diverse society where we are competing with the private sector for quality, for delivery, for 24/7 – all of those kinds of things. Therefore, the challenge is for London is we have to respond to that; we have got to be able to engage with what Government is looking for. Therefore, the expectation, if you like, is higher on the communities, and there is a greater demand for involvement, so that in itself creates a challenge.

The second thing is, as we know, London is growing; London is changing. There are greater burdens on public services than perhaps there have been in the past, so we are at quite a key time in the development of the city. Therefore, this issue of community involvement is absolutely critical in terms of shaping things in the way that people want them to be, and can own; that they feel that they are something that they have had a say in, and not just been consulted on.

**Matt Dykes (Policy Officer, SERTUC):** I would just like to endorse all three comments made so far about the integral role of community participation and engagement. I would like to add a further area of engagement that I think is also fundamental to delivering flexible and good quality and consistent public services, and that is workforce engagement, which is what we would regard as another aspect of community engagement. I think that we have a context in London of a growing population and economy, both of which are going to need support from public services. We have huge inequality, and we have a very diverse population. Unfortunately, inequality and diversity are often linked issues.

To deliver good public services, we need well-trained, well-paid, and good morale, in the staff who are delivering services, because we are of the opinion that public services are the staff. We therefore think that community engagement goes hand in hand with workforce engagement, but if you were to up the ante on engaging with the residents of your neighbourhood, you need to be sure that the workforce is able to respond to that, and is included from the very design of that engagement strategy, so that they are part of the strategy, and it is not forced upon them as an additional burden.

**Kate Monkhouse:** Different skills work for all the different players within this changing landscape; it is different skills for, as Matt (Dykes) was saying, the staff and people working in local authorities, there are skills that are needed

for people who sit on the new area forums and LSPs. One of the criticisms often made of some of the voluntary sector representatives is that they are not as well briefed or they are not engaging in quite the same way, and that perhaps is because they are coming along from a job – they have not had a support officer or somebody working with them – so there are different skills that are needed there. There are also different skills that are perhaps needed for local councillors as well – adapting to working in a slightly different environment – so I think workforce or citizen force development goes right across the board.

**Peter Eversden:** As well as the workforce, it is the businesses that those people work for, because if they are involved locally, then there will be more local partners, strategic partners – some of them now look at the Section 106 money that they pay, and think, ‘What is it used for? Why have you wasted it on mending roads? I have now got to go out voluntarily and replace the boilers in that school, because they have come to us and pleaded, and we are going to do it.’ They will participate and become community partners, but they need to be involved as well.

**Valerie Shawcross (AM):** Can I just ask you to talk a bit more about what community engagement can mean at a regional level? I think perhaps Peter Eversden and I, we should declare that we had a row about a tall building, but in a way that illustrates the issue that many of the groups that you have been talking about are locality-based groups, and some of the issues that say, at the GLA, we need to talk about, are genuinely at a London-wide strategic level, and there will be conflicts of interest about particular issues. The GLA has its community engagement programme; I would be interested in how we address and involve participation in the community at a regional level, when we are asking to sometimes to climb outside of a particular local interest they have, or even a particular sector community interest that they have got. How do we get a real engagement?

**Peter Eversden:** It is getting people to interpret what you are asking, and what you are planning, in their local context – helping them to see that certain policies would have to be challenged, because of circumstances that they would want addressed, or are really positive for them, but they would like them modified slightly to deliver something they want.

That has not been easy, and I think the new planning process is going to overwhelm those people and all the local authority people, in interpreting what the implications are of issues identified in the SRDF, and how to rewrite 33 Unitary Development Plans (UDPs) overnight, because the local people see their participation as being largely at that process, in getting the local development framework to be what they want. They do not really understand the London Plan very well; I have only got about 20 out of 140 members who would be engaged London-wide. It is because their expertise in dealing with some issues on an area level has equipped them to understand everything there is to know about views management or regeneration in areas of deprivation, and they want to contribute that and interpret it on a regional basis.

However, most of them would like to get on, and make sure their local policies are what they want them to be, and that, quite honestly, the Mayor of London allows those to be implemented, and his appearance, or his representation, at public enquiries to challenge the local policies, and say, 'They are all out of date now because I have a London Plan,' is not helping that confidence.

**Valerie Shawcross (AM):** Perhaps it does not help to talk about planning issues so much, because there obviously is a local view. What about other things, like policing policy, for example, London-wide? There is a London-wide institution; there is a London-wide policy. Policing obviously happens on the ground, but are we adequately engaging the public in the regional debates, and who should be the right public? How are we getting to them, or not reaching them?

**Simon Woolley:** I think that our forums - the London Civic Forum and the Black Londoners Forum – help with that, because we are pan-London organisations; and bringing people from the different parts of the capital to see the bigger picture, the bigger problems. They bring their local problems to it, but then listen to others in other areas, and see a bigger picture dynamic, and then it is easier for them to understand and construct a regional answer to the problem. Therefore, I think first of all, it is about empowering on the local level, and then trusting that you have the right leadership to explain the bigger-picture politics that they need to engage with.

**Valerie Shawcross (AM):** You are all London-wide organisations, pretty much, and SERTUC is bigger than London. Do you want to make a comment about each of the London-wide public organisations you deal with? Is there a differential, in between how well, say, you feel that the GLA engages? How does the London Development Agency (LDA) engage with you, if at all? Give us the score – what you do think? Who is doing it right, and who is doing it wrong, and who should be learning from each other?

**Peter Eversden:** The GLA engagement is improving because it is starting earlier. There are many things recently that my members and myself and other organisations have been at, where you are meeting before you start writing a document, like the Urban Design one yesterday. That replaces the system where we used to see the final document with two months to be consulted on it – no feeling that what was written in it had had the scope of input that we would look for, so that has improved. However, the LDA – I do not think it engages with us, with my communities, at all.

**Valerie Shawcross (AM):** It would be a good question for SERTUC, would it not? How are the LDA doing?

**Councillor Steve Hitchins:** Can I just interrupt Chair, and declare and interest at this stage.

**Valerie Shawcross (AM):** Yes, of course.

**Councillor Steve Hitchins:** Sooner rather than later.

**Valerie Shawcross (AM):** You have a chance to give Steve (Hitchins) some advice about the LDA's community engagement programme.

**Darren Johnson (AM):** Before we move on, the Fire Authority –

**Valerie Shawcross (AM):** Yes, the Fire Authority is very happy to hear from you as well.

**Matt Dykes (Policy Officer, SERTUC):** We are privileged to actually be named in the Act as a key stakeholder, and we have a board member at the LDA, Mick Connolly (Regional Secretary, SERTUC), who by the way sends his apologies today; he is actually in Belgium, or France – one of the two – I lose track of him. However, on the whole, we do find LDA engagement is often an afterthought, and it takes Mick (Connolly) effort at board level to remind – at director level, at least – not on the board, but at certain director level – that trade unions should be engaged on certain policies.

In regards to the GLA, we have very good, healthy relationships with the Mayor of London. Since his inception we have had quarterly meetings as a stakeholder group with the Mayor's Office, and we are extremely happy with the kind of engagement we have and the joint work that we have engaged on. Transport for London (TfL) again, there are trade union board members, so we have engagement at that level, and we have structures in place to ensure that the trade union board members keep in contact with both our regional officers, like myself, and our regional council, which is our decision-making body.

**Valerie Shawcross (AM):** Do you think having a board member actually facilitates broader contact between your membership and the organisations?

**Matt Dykes:** Yes, I think it has helped, because I think Mick (Connolly) has been able to argue our case for inclusion at an early stage.

**Valerie Shawcross (AM):** Would you like to see more lay membership on public sector bodies and London-wide bodies? For example, the Fire Authority, of which I declare interest as Chair, is entirely made up of politicians.

**Matt Dykes:** If a Fire Brigades Union (FBU) member wants to be invited on to the board, I am sure we would not say no.

**Valerie Shawcross (AM):** I think we may have a conflict of interest, actually, now that we are talking about... Go on.

**Matt Dykes (SERTUC):** Yes, we would, but likewise, there are capacity issues there, in ensuring that the person that went forward was able to do the job and had the access and time to do it.

**Valerie Shawcross (AM):** Therefore, they need support machinery?



**Matt Dykes (SERTUC):** Yes, similar to community groups.

**Valerie Shawcross (AM):** Right. Is it easier, all of this, for the organisations with good support machinery like your own, than other less formally organised community groups?

**Simon Woolley:** It is, but we have a capacity issue. It has quietened down recently, but in the first few years, it was just a deluge of information from this building that wanted to be disseminated, and they wanted the answers back by return of post. It was a joke. We never had the mechanism to be able to disseminate it, and to articulate the issues for our communities. Therefore, I think that that is an ongoing problem – it is not as bad as it was, but it is still an ongoing area that needs to be looked at.

**Kate Monkhouse:** Regional engagement is an ongoing issue for some of the communities, and part of the work that the Government Office for London (GOL) is leading on the Change Up programme which, for those who are not familiar with it, Change Up is looking at infrastructure support for the voluntary and community sector and to deliver certain outcomes around the skills agenda – information technology (IT), communications, accommodation – by 2014, and is actually looking at which of the communities – for example, disability or older people – have that regional infrastructure. For example, the Lesbian, Gay, Bisexual and Transgender (LGBT) section, at the moment, has a very weak regional infrastructure. Faith communities, for example – good national bodies, good local bodies, and still no funding available for a multi-faith forum at the regional level. In terms of the first port of call for a lot of communities, that is still quite a big issue.

**Valerie Shawcross (AM):** Therefore, that is a plea for a more methodical approach to capacity building for regional-level working in voluntary organisations. Do you think that that is applicable beyond the GLA family, then – that it is London-wide generally?

**Kate Monkhouse:** In a way, that is one of the things that Simon Woolley was saying: that BLF and the Civic Forum have played a very useful role in terms of helping to facilitate. We would never aim to represent or speak on behalf of other organisations that are already at the table, if you like, but time and time again, we have found that there are groups who, at the eleventh hour, are still not being brought in, so providing some capacity and at least explaining the relevance of what is happening.

In answer to your first couple of questions, Valerie, I think one of the key things that has come back from work that we have been doing recently, particularly from community leaders in London, has just been they are still not clear about what the remit of the GLA is, as a strategic regional body. They understand a Westminster legislative model; they understand a local service delivery model. Strategic governance policy partnership is something that, in terms of tangible impact and tangible cost-benefit analysis, they are struggling

to understand. People understand the role of the Mayor; the role of the Assembly is still sadly less well understood.

Therefore, I think, in terms of how we make that regional engagement easier for people, really still continuing to hammer out that message about the purpose of the GLA and its constituent parts is absolutely critical, and supporting work that facilitates that is quite important. Then, being able and willing to invest time in making the links, for example, between strategy or policy, and funding and resourcing, so people do understand when the London Plan rears its head on the agenda, not just, 'Oh well, that is nice – that is a regional thing', but actually that is going to have a trickle-down effect. There are sub-regional priorities that are actually going to impact things like play areas: 'Oh well, that is great, fantastic – tell me when the meeting is. We will come along', and having people who can do that translating or brokering work is actually quite important.

**Peter Eversden:** At a regional level, you are going to be very dependent on organisations like us, I think, to collect information and involve the ones we think can deliver something from what they have already said, as happened at the Improvement Action Plan (IAP), when a lot of my member societies were drawn in because of their interests and specialisation in pan-London issues. However, a lot of my local community groups just want to get all this addressed with the local authority; they do not feel they can influence much or know anything about the GLA, as such, and its family. The only one that gets close to them is TfL, which has always been ready to have their board members and their senior officers in open meetings with voluntary and community groups, to explain what they are doing and why and what public round changes they are making in relation to public transport. The police have been a problem.

I suppose most of my community groups would not really think that policing in London works well, because they tend to deal at borough commander level downwards and they find that the cross-border issues are not well addressed; the 'not in my manor' attitudes are very strong. I managed to call a meeting about two years ago with three police forces and three councils; it was the first time they had ever met in the same room. They realised that their ability to communicate by radio with each other was zilch; that their policing of border and boundary issues, their policies on closed-circuit television (CCTV) usage – everything – were all different and wrong and they had not engaged the borough in designing for safety with regard to public round lighting or approaches to stations – all sorts of things. We thought, 'Why not? Why do we have to force this?' I do not know how that is addressed by the GLA, London-wide.

**Matt Dykes:** Can I just add a point? In regard to the LDA, it has to be said that they have given SERTUC capacity building support to engage trade unions on a regional level, and I think that should have gone on the record. I should also say that we are probably better equipped, in that we have full-time officers and greater resources, than my colleagues at the table, perhaps, to engage.

I think the most interesting engagement – one where it really works – and this might sound like an obvious thing to say – is when it is specific to the relevant sectors or work that our officers are engaged in. One recent piece of particularly interesting and useful engagement has been the Mayor's strategy on recruiting and retaining black teachers in London, and teaching unions have been very interested in that work, and are currently engaged in developing the research specification for that. That is an example of where sector-specific work has really paid off, but it is less easy on broad strategies, such as the London Plan, to make it interesting – or perhaps not interesting, but to make it immediately obvious as relevant to the work of, say, some hard-pressed organising officers in the region.

**Darren Johnson (AM):** Jumping back to the earlier point about the role at neighbourhood level, you all talked about the need to beef up neighbourhood forums and give them real decision-making power; what about beefing up the role of the local councillor? What sort of role do you think the councillors should be playing at ward level?

**Peter Eversden:** Councillors themselves?

**Darren Johnson (AM):** Yes – individual councillors at ward level, with potential to look at things like devolving a budget to ward councillors on community initiatives.

**Peter Eversden:** They seem to do well in some boroughs where they get capital expenditure grants from the borough for their area, and they can couple that with the expenditure on Section 106s which have been secured within their wards, which they can often negotiate or renegotiate for the right purpose. They can then couple that with whatever voluntary and community organisations can win in the way of grants, which would not be available to the local authority – to couple all into something which improves the quality of life locally.

**Darren Johnson (AM):** How do you feel councillors from different areas actually engage with local community groups, working alongside the local community?

**Peter Eversden:** As they have got younger, they engage less, because they only work an hour or two a week at being a councillor. They have full-time jobs; the threat of redundancy in that job keeps their nose to the grindstone. They cannot lift their head to face enough local authority matters.

**Councillor Hugh Malyan (Chair):** That would apply to a few. There are a number of people around here with a great deal of local government experience and will know how mixed their councillor communities are. I hope that is not a broad term aimed at all.

**Peter Eversden:** I understand that. What happens in local authorities where communities are engaged is that the representatives find that they are the

ones who have to attend the best-value reviews and all kinds of other internal council meetings on behalf of the area, because the councillors all have full-time jobs and cannot. Sometimes the councillors resent this involvement in service delivery of the communities, because they are not quite sure that it is properly representative, and they do not always have time to collect the same data themselves.

**Darren Johnson (AM):** Have you got any examples of good practice, then, in terms of councillors and communities working together on projects?

**Peter Eversden:** I do not have a personal wide-ranging one. As I said, mine in Hounslow is that, if those issues are brought to the area level with budget, then people feel more satisfied with the decisions.

**Darren Johnson (AM):** Do you think, if the councillors, maybe working with the local community through some sort of forum, actually had more responsibilities in terms of devolved budgets, or whatever, that actually might change the set-up?

**Peter Eversden:** I think they need training. They need to be helped to better understand what the opportunities are: what they can do, how to interpret planning policies, and how to operate well in a local strategic partnership way.

**Darren Johnson (AM):** Any other views on the role of ward councillors?

**Simon Woolley:** There are small groups and small associations – housing associations that are dealing with tenant blocks – and I think they are supported better. You get a greater engagement with the local councillor. You talked about devolved budgets – how they can feel that they have their hands on the reins of some local power. I think that would work really effectively in terms of, one, giving control to local people, and also allowing them to feel that they have a genuine stake. We have been talking about this for the last hour or so: it is about giving people real control and a real input – a real stake – in their vicinity.

However, simultaneously, there is a gap. We talked about the so-called busybodies; there are a lot of people out there who are not even at that stage in terms of seeing how things are run, and I think that we have to be proactive in terms of going to them and saying, 'These are your local authorities; it belongs to you. You people are public servants; they are the democratic masters', and begin that process that makes the link between their lives and your work. Therefore, I guess it is simultaneous action. Those things that you spoke about, Darren, would be for the people who are already on the first or second rung of getting involved. Encourage them and support them, then you will get future leaders, but let us not forget probably the majority of people who do not register to vote or who do not vote, or do not know anything that you do, who we need to bring on board.

**Darren Johnson (AM):** In terms of local democracy then - it is great to get everyone involved and participating in some way - but how do you balance

the views and the involvement of the busybodies – they can be self-selected and unrepresentative – and the role of the elected councillors who, even if they have only been elected by 30% of the electorate, at least they have been elected and can claim to be representative in some way? How do you balance that role?

**Simon Woolley:** There is a balance to be had but, at the moment, there is no balance. They have 100% of decision-making power and the community has zilch, in terms of they are asked for their opinion, and you take it or not. Therefore, it is not as though you are going to give over 50% of power to unelected power; what you may say is, 'There is a small chunk and it is about your local community, so you have a valuable stake in it'.

**Peter Eversden:** The councillors need the input, really. They can work on whatever they have known or been told, but if they get the communities to really look into something for them and come back with the priorities and the reasons, it will help them a great deal in their decision-making. That is why some of the 'friends of' groups that look after parks or river edges, or who run youth centres, are not only a great help to the local authority, and they can often, as I said, win grants that the council cannot, but they have to satisfy a lot of people who they are serving. Therefore, they get the feedback and, if they are working closely with the councillors, it will be prioritised well.

**Councillor Hugh Malyan (Chair):** When they are working closely with the council, I agree with that: one does come up, through experience, with a number of organisations that can become – to use Darren's phrase again – self-selecting, self-serving. Particularly, you can get around things like the so-called management committees of a local youth club, where the membership has all been there for 20 years, and there is not, actually, a good working relationship, and you can argue about whether that structure is serving that local community as best it might.

I wanted to pick up on Simon's phrase about 100% of decision-making power on the councillor side, and nothing on the community side. Rather ironically, since the 2000 Act, and the change in the political operating system, which I happen to be a fan of but do not believe is yet working optimally, a lot of backbench councillors would say, 'Oh yes – I have 100% of the power'. I do not think so – I actually have very little. They would contest that remark.

**Valerie Shawcross (AM):** The Assembly Members might say the same thing, actually.

**Councillor Hugh Malyan (Chair):** If we, as a Commission, are looking at the councillor role specifically – and it is one of the things that we are looking at specifically – to follow on from Darren's (Johnson) point, what about an enhanced community role for the democratically elected councillor, whether it is in terms of – and I would name two specifics, however off the wall they are – having some statutory right to be consulted by all health service facilities within their area, even be that the General Practitioner (GP) surgeries for instance; a statutory right to be consulted by the local police in that ward

area? It may be a Safer team of six working specifically in that ward – no power beyond that, but a statutory right to be consulted over what is happening in that ward, and know then that the ward councillor can take things from residents and from groups to the local police. What about that as an idea?

**Kate Monkhouse:** Those kinds of things are very helpful when you are looking at multi-layer democracy and giving a people a way in, actually recognising that there is a checklist, if you like. As a specific policy idea, I would not necessarily say yes or no straight off, but that kind of idea where people's role is quite clear and there is an understanding of when they are to step in and when to step back, I think, is quite helpful, both in terms of service providers or regional bodies and people, for example, around crime – the borough commander – and equally the fire service. Are they remembering to talk to local councillors in those instances and, half the time, the answer is probably no, because there is not that formal checklist.

I think two other roles for local councillors are champion and scrutineer as well. I think those two functions or roles are very important. I think there is some research from Economic and Social Research Council (ESRC) or the Home Office about how 80% of people had never met their local councillor, but when they had, it had actually been a very good experience. I can fish that out if that is helpful.

Once people have had that opportunity and they know that that person is there to serve them and represent them in the appropriate places is very important. There are a lot of communities who just do not know what a local councillor does; they do not see them in action. I moved about 18 months ago; I have not once had through my door a letter or a leaflet saying, 'Hello – I am your local councillor. Here is when my surgery is; come and talk to me if there is a problem'. Therefore, because I work for an organisation like the Civic Forum, I know how these things work and I can phone up the council and maybe work out – I know that that exists. Most of my peers and most of the communities that Simon is working with do not have that opportunity.

I think the role of civic education and the role of educating people about what that is, and ideas around things like, for example, a welcome pack on estates, or when people move into a neighbourhood – I think this is something that is done in rural areas, where a list of some of the people that are representing and providing for local communities and local services – a very simple idea, but great – that actually profiles, 'You have just moved into Bethnal Green' – or wherever it is – 'here is your local Assembly Member, this is your Member of Parliament (MP), here are your local councillors, area forum' – those kinds of ideas may be quite helpful.

**Peter Eversden:** Communities want to feel that they have a say and they are involved in things. You touched, Hugh, on the backbench council role and exclusion or and scrutiny; I think they can be very effective in scrutiny. I think Camden Council uses the scrutiny process very extensively and publishes an annual report on everything they have learnt from scrutiny, and how they are

going to have to change things in budgets, and all kinds of things, in a way that gives confidence that your ward councillors were involved in service delivery assessment and scrutiny of things that happen in the council.

**Simon Woolley:** I would go further than that; I would say that we need to promote the fundamental role that the councillor plays in the locality. It is the councillor who can be the bridge to people's problems and aspirations that, one, we undervalue and, two, that we do not promote. The area I work in is Bethnal Green, and there are tremendous problems in the area, with divided communities and deep deprivation. I just think that, if local people are, one, empowered, and that the councillor plays a crucial role in terms of raising the social deprivation in those areas, I think that, one, you will raise the image of the councillor and local democracy and, two, that you will also raise the community to positively engage in civic society.

**Darren Johnson (AM):** You talk about the role of the local councillor as if there is a sort of set model, but with the scrutiny/executive split that we have now, there are many ways of interpreting the role of being a local councillor. Even the ones who are really active and do more than two hours a week, some may prefer to concentrate on lots of detailed scrutiny work in the town hall; others may be doing more of the ward champion stuff in their local areas. There is not necessarily a specific role anymore.

**Simon Woolley:** No, there is not, but I would say that, in many respects, it is a blank sheet, and you can make of it what you will. I think that, if we encourage local authorities and if we encourage councillors to be champions for their local area, and to wear it with a badge of pride, then they are more inclined to go out to the community, to inspire the community, to inform, and take them away, which is, in many respects, the margins. You talk about the 'hard to reach' group, but on these margins there are awful things happening: there is crime, there is occasionally a political discourse that is away from mainstream politics that we need to worry about if they are on the margins. Therefore, I think there could be a more prominent role that we could put on the councillors and, I suppose, really, Assembly Members too. I know it is a bit more difficult, because your regions are huge, but do not underestimate the role of local and regional governance in its ability to play the inspirational role and to bridge that gap wherever the problems are.

**Peter Eversden:** I think some of the councils are now reflecting the desperation of low budgets. They are having to say to people, 'Look, we cannot afford to do this sort of thing anymore. We cannot maintain the street trees; we cannot keep the open spaces. The social services budget and the education budget are out of control; look at the percentage they are of the total. What can we do? Do you want us to put your council tax up 13% to make up for it?'

**Councillor Hugh Malyan (Chair):** What is your solution to that?

**Peter Eversden:** This is a political situation, I think, where a lot of the borough cost escalations have not been recognised from the point of view of the financial contributions that they receive.

**Councillor Hugh Malyan (Chair):** Sorry – let me make sure that you do not feel that you have to make a party political comment; if we accuse all central governments of placing more responsibilities on local councils and not possibly always putting more through that needs to go with it, there are probably not too many people in local government who would disagree with that statement – whatever party they came from. We will not get into a row about whether there is enough money available.

**Peter Eversden:** It is the priority.

**Councillor Hugh Malyan (Chair):** It is the ability to prioritise. What do you think about that?

**Peter Eversden:** The priorities have to be given to the delivery of essential services and we have to, perhaps, find other ways of supplementing the income and the delivery for other services. This is where the ‘friends of’ groups that have taken over public parks and leisure centres and so on have been able to put in a lot of voluntary effort, which is, in itself, a great deal of money. However, I do not know how we are going to continue to fund some of the service deliveries while the costs of other things are escalating as much as they are.

**Councillor Hugh Malyan (Chair):** Thank you. You mentioned them – if we take two of the big ones at local council level – the education budget and the housing budget, and housing has been ringfenced for many, many years, more or less; education is now all but ringfenced, with the passporting system, and even things like social services – the other big budget – in terms of the performance indicators, actually gets heavily subscribed in that way anyway.

Therefore, many councils have found that the environmental issues, from street trees to verges to roadworks – whatever, the budgets are getting cut. Whatever extra money is coming through is going to those ‘big three’, if you like, because they have been predetermined. Should councils get back some flexibility in terms of their prioritising even those big budgets? Whatever is the total money that comes through, there is a bigger decision-making effort at local level, so that if a council decides it will spend a bit more on trees, then let us face it – there may be not quite so much going through extra into the education or social services budget.

**Peter Eversden:** I think they certainly should, because a lot of the money that goes into education is ringfenced within parts of that, is it not? The flexibility is not there for that. However, you might also think to yourselves, as a Commission, ‘Would it be cheaper to do it like the Inner London Education Authority (ILEA) did?’ and do it 33 times over when it comes to education. If each borough has to be totally self-sufficient in its education, is that a good way of doing it? You have nowhere to take a child out and put them for



special needs now, because some of that was done London-wide; it cannot all be done within a borough, can it, to have the capability to deal with problems of dyslexia and disruption etc that some children have? It seems to work far better where my family live, in Bedfordshire, where the children go to special places and are helped to recover from whatever the problem is, and then go back into the mainstream. In a borough, you are going to have to live with those children and see the rest disrupted.

**Councillor Cameron Geddes:** Just building upon this notion of education, we had the example of the welcome pack that I think was useful, but can the panel build upon this notion? Anyone who has been to an MP's surgery will realise that, very often, the people most in need of help are those who are least aware of the way in which the constitution is designed to help them, through people like councillors. When you ask someone who has gone to an MP's surgery with a council housing problem why they have not gone to their councillor, the number of times you are told, 'I have been' – and they have obviously confused councillors with officers. Then there was the one person who explained to me, 'Well, as the MP appoints all the local councillors, I have come to see their boss rather than go through the minions'.

Very often, people involved in local government fail to realise how the general public really have no interest – no connection – with it. The number of occasions people have had their lives interfered with by the local council and I have tried to speak to them. They have asked me when the meeting will be held to decide the issue, and I have explained it to them, and they say, 'Will you let us know what happens?' I say, 'Why do you not attend the meeting?' and they say, 'Well, can we do that?' The welcome pack was an interesting example; I just wonder whether, through your own organisations, or in general, you have any idea how we can improve the situation.

**Peter Eversden:** I did think of drop-in centres. When it started happening in the health system, I thought, 'That is an idea'. You do not have to worry about appointments and who to see, but you will be dealt with, just because it is there and it is a funnel.

**Councillor Cameron Geddes:** Presumably, the drop-in centres would be staffed by council officers again, then. If they are told, 'We do not provide that service as a council', if they then thought, 'Well, you ought to', not to me, but to people in general, how do I get the policy changed – the democratic approach – would they be led towards that?

**Peter Eversden:** They cannot just stonewall it; they would have to refer the person back to their elected member in the hope that something could be done to change it.

**Kate Monkhouse:** I think the medium itself is something that needs to be tailored to the local situation. I have been involved, on a personal level, with Housing Choice where I live, and we have been talking about whether we would want, on our estate, a drop-in shop, whether we would want a roving van, whether we want a website, whether we want an open surgery.

All of those have been discussed and they will be different in every locality. We have gone for a website; it works for most of the people and that complemented by some face-to-face opportunity as well, so it would be quite hard to prescribe something that works for everything. I think, when we are looking at these kinds of issues of changing the culture of things, there is a real temptation to say, 'Well, you have to have this structure and let us replicate that innovation across everything', rather than saying, 'The innovation is in the approach and the aspiration that we are talking about – you go away and actually work out what that means to your community' – looking at the outcomes approach rather than necessarily the structure, as it were, but sharing ideas and suggestions are quite helpful.

In terms of the regional level, there are the channels in the different organisations and networks that exist, like Councils for Voluntary Services (CVSs), Civic Forums and trade unions – organisations that have traditionally provided some civic education to different people. One of the projects that we do at the Civic Forum is called How London Works, and it seeks very simply to explain the role of the Assembly, the role of the Mayor's Office. We are hoping for a visit from the Association of London Government (ALG) at some point. For the ALG: 'This is what local authorities do', some fact sheets. Very simple, but people love it. It is very, very warmly received. Similarly, some of the projects and citizenship work that OBD does, which Simon (Woolley) can talk about. Those kinds of things, I think, are very helpful.

**Simon Woolley:** As you are probably aware now, I am very much involved in political empowerment and education. With my Operation Blackbird hat on, we have begun two projects. We are just finishing one in Birmingham, and we are doing one, actually, with the ALG. The one in Birmingham is entitled 'Who Runs Birmingham?' It is a booklet with a map – a kind of snapshot of the different civic institutions in Birmingham, how they are run, how they relate to each other, and what Joe Public might want from these bodies. It is very basic, but it is not there – or it has not been there.

Initially, we are doing this for community groups – this booklet and map, with pictures of the institutions on. We are doing the same for the ALG and what we are hoping to do thereafter is to do it on, maybe, a borough-by-borough level because, clearly, they are different strands. Often, it is quite complex; we have known ourselves it is a bit of a labyrinth, but we are hoping we can make something out of it to answer some of the questions – the basic questions – that get people from A to B in terms of their local governance.

**Peter Eversden:** We use our newsletters, as those of you who have received them will see, to try to explain to people what they can achieve with local government and what they ought to understand about regional government, and how they should be involved in what an SRDF is and what influence it can have, and cross-London services. However, in the absence of local involvement, there is another mechanism that is opening up, which is not available to everybody, except those on IT, and that is the NeighbourNet-type of public forum internet thing.

If you look across London, there is [BarnetToday.com](http://BarnetToday.com), [PutneySW15.com](http://PutneySW15.com), [BrentfordTW8.com](http://BrentfordTW8.com), and they are all run by an organisation called NeighbourNet, which is plugging a hole, actually. Then you find that councillors and officers start responding to issues which local people are raising, and the editor can use the forum to educate and explain things, and seek responses to options that the council might want to put forward. Some collaboration is now happening between councils and those NeighbourNet things; I find them interesting and I would support them strongly, because I think it opens up a means of communication for many people who are elderly or disabled or too scared to go and talk to anybody, but are quite capable of putting something through a keyboard.

**Matt Dykes:** We are organised on a regional level, so most of our advice and help for trade unionists is applied on a regional basis. We have held courses in the past for trade union officers on teaching them what the role is of the GLA Assembly functional bodies, particularly informing them of the role of the LDA and the Economic Development Strategy, so we are keen to progress that. On a local basis, we are less well organised, though there are 12 trades councils that exist in London that work to a greater or lesser extent. It could be that they offer a means of raising awareness of the role of councils and councillors, and access to councillors. Perhaps we could look into using that as a capacity-building network, but that kind of work has not actually been done in the regions just yet.

**Peter Eversden:** I do not know how well you are looking at boundary matters in the Commission, but the boundary issues are pretty severe in London.

**Councillor Hugh Malyan (Chair):** We will be looking at them – we are already – at cross-boundary issues and this Commission has ruled out from the start trying to change either the outer boundary of London or the boundaries between the London boroughs, because it is an issue for some, but in reality it would be a massive sort of turf war. This Commission felt that there were some really big pieces of work that genuinely needed to be done about governance in London without getting drawn into, or deflected by, that particular argument. That itself is what you are saying; we are certainly looking at cross-border work and making sure that services to people are not affected by institutional barriers.

**Peter Eversden:** If we have to live with the boundaries we have, because we do not want to tackle it yet or at this time, we recognise that some of them go right down the middle of the high street, like Kilburn, and you have different policies on each side of the main road. You have them dividing conservation areas into three boroughs; parks into two or three, and it makes for a lot of difficulties. I have an old map, which came from Abercrombie in 1943, which actually showed the communities of London, and it was used to determine future road building, so that you did not go through them – you went around them, but you recognised their existence when you looked at cross-border issues. It has been a long time since any of that has been attempted or updated and yet surprising how much of it is still relevant.

**Valerie Shawcross (AM):** Can I just come back on this point you were making about resource expenditure in London? Something like £60 billion is spent on public services in London, and only a third of that comes through the local, visible democracy – either the Mayor or the councils – so there is £40 billion being spent. You were talking about producing guide maps and helping people understand their democratically elected structures; how do you get along with the ‘quangocracy’ then? How do you explain to people about the Learning and Skills Councils (LSCs) and how to influence them on what to do? Is it easier to deal with democratic structures? We are being very self-flagellating about our failures as councils and the London Assembly; what is your take on the community engagement and participatory democracy angle of the quangos?

**Simon Woolley:** There is a big problem there too – a massive problem. We talked about empowerment, we talked about education, but without effective representation, then the whole thing is undermined. It is in all areas, at all levels, of London governance. Just think of the boards that you sit on and ask yourself how representative they are; they are simply not. We really need a clear programme – a radical programme – to say that we cannot be effective whilst our boards – the quangos – or our elected offices are so unrepresentative.

It is not as though the talent is not out there; there is a deluge. However, because, whether by design or default, that talent is not coming through. The solutions to address that are pretty simple, actually: in directly elected politics, you have lists, you have selection processes that make a difference, and they are not being used. Local parties are not recruiting – they are not going out there to recruit, they are not going out there to retain, they are not promoting the talent within it. All they are doing, in effect, is crossing their fingers. We can say that people are doing stuff, but there is no strategic approach to it.

**Valerie Shawcross (AM):** Sorry, there is in Lambeth, actually, but that was not the point I was trying to get at. I understand what you are saying about the narrow, unrepresentative – socially narrow – basis, and that does, as you say, go back to the party structure. I just wanted to understand what you thought were the deficits in the engagement between the quangos and the non-elected public bodies and the communities.

**Simon Woolley:** It is part of the same process. If you are not around the table in the first place, it is less likely for someone to say, ‘Hold on a second – have you been to that community? Have you gone there? Have you sought their views? We can do it this way’, because that view is not around the table.

**Peter Eversden:** A lot of those are not represented at the LSPs. There is a chair for them, but they do not come. The Jobcentre Plus and health representatives and so on are just not present.

**Simon Woolley:** However, it is not a silver bullet. It is not saying they are not coming because they are not interested. There are a few steps back. There

is a holistic approach to greater engagement and greater representation, and you have to fill all the gaps in, almost simultaneously, to get that effect.

**Valerie Shawcross (AM):** Would any of you know how to go about influencing the LSC in your area or London-wide? Matt (Dykes), this is probably very relevant for you.

**Matt Dykes:** Yes. Again, there are systematic links through trade union representatives on each of the five boards. In addition, I think the problem is institutional. I do not think there is a lack of will – let us take the LSC – amongst the officers, but they are institutionally prevented from engaging effectively – and I will explain what I mean by that – in that, for example, the London Regional Skills Partnership (RSP), I think, has actually done a great deal of work. I might be alone in saying that, looking through some of the transcripts of previous meetings of this Commission, the LSC comes in for a lot of stick in that regard.

**Valerie Shawcross (AM):** They are coming over next week, which is partly why we are just asking what you think.

**Matt Dykes (Policy Officer, SERTUC):** I think the RSP has done a lot of good work in bringing together partners to agree at least some sort of coherent narrative about the needs of the London labour market and economy, and agree a set of priorities. The Framework for Regional Employment and Skills Action (FRESA) process, with the sector-specific flagship initiatives, has been a healthy process and some really interesting action plans have resulted out of that.

Where it falls down is the LSC's inability to avoid its commitment to national targets and its funding that is attached to that. I think that the engagement is there, but the ability to engage the action plans, and to actually affect genuine outcomes, will probably fall down. Even though the RSP or London Skills Commission has been in place for two or three years now; I still think it is a little too early to see the proof in the pudding, because the action plans have not yet been implemented, and financing of them has not yet been aligned that effectively.

My assumption is that that will probably fall down a little there. The flagship on media skills was very well attended and had a very good range of stakeholders there, but the outcomes and the needs of London in that sector are for in-work training, for people who are, basically, graduates of further education (FE) or higher education (HE), above the 18-year-old threshold, requiring skills at Level 3 and 4, all of which are missing out on the key targets of the LSC, and therefore the funding is not going to be in place.

**Peter Eversden:** I am a trustee on an employment training trust and I find it difficult to involve the LSC. We are dealing with the need for vocational training and apprenticeships, and all kinds of things, to equip youngsters for technical skills. We have got many of them into building sites, so that they come out as expert plumbers and electricians, but this is not seen as

something which the LSC can take on board or get involved in, but it is an essential requirement.

**Councillor Hugh Malyan (Chair):** Can we carry on, on that point, because to most people that is a crucial point about it being an essential requirement. If we go back to the inception of the LSC and the LSCs replacing techs and the Further Education Funding Council et al, one of the principles was to try to not just maintain, but improve, the ability to get what was the demand from businesses in particular: what are the courses, what are the qualifications the kids need coming up through the system to service local public and private business for the future, and the systematic complaint ever since, with this fairly centralised model from Coventry, is that it has probably got even worse, and local colleges, local businesses and local councils would, I think, have said the same thing as I think you were saying there, about the inability to engage them and make sure that there was flexibility at local level. That is your experience, then, is it?

**Peter Eversden:** Yes, it is.

**Councillor Hugh Malyan (Chair):** Is that anyone else's experience? I am not completely up on it, but I understand they have gone through a recent restructuring – the LSC. Am I alone in thinking that? I will leave that point alone. As we know them at the moment, any other experience of how to actually work with them?

**Kate Monkhouse:** I am nodding as we have engaged with them in relation to our skills needs of the organisation and looking at the skills gap that we have identified within the voluntary sector as a whole in London, as opposed to the Civic Forum policy; we would not have a policy about the LSC, as we have not discussed that. However, it is exactly what Matt (Dykes) is saying: that there is not this accountability to the underneath, if you want to look at it in a hierarchical way. To engage or to change the priorities, you have to do that, if that makes sense.

Therefore, we were looking, and we are still looking, to set up a scheme for graduates from backgrounds where there is a real skills gap in terms of graduates getting into jobs without work experience and we wanted to build on some of the work that the Civic Forum had done with young people on work placement, and actually work with other partners within the sector. Everybody thinks it is a fantastic scheme, but because it does not meet national targets, it has been very difficult to do that. As a small business operating within the overall area, we have just found it difficult to get a response back from them, but that is us as an organisation, engaging with them about the skills we need, as opposed to a Civic Forum policy about LSCs, if I can make that difference.

**Peter Eversden:** I know that some schools have been appealing to businesses for work experience. Stanhope plc have been very responsive, with some of their business centres groups of office blocks, to take in youngsters and help them to understand what the environment is like and

what will be expected of them, and what working as a team member is going to have to mean. It has been a great help to begin to familiarise people, but that does not seem to be anything other than a local initiative.

**Councillor Hugh Malyan (Chair):** Matt (Dykes), can I just follow up on the remark you made: the way you put it, I think, about you have the local action plans, but clashing, if you like, with the national policies. If I put in slightly another way, in that the local LSCs – or even the regional LSCs, rather – need to have, if we are blunt, some budget flexibility. They have 100% budget – whatever it is – 85%, 90% it is prescribed by national targets, but any business, quite frankly, does not need to have 10% local flexibility to be able to implement what is coming up from underneath. Is that the same thing that you were saying?

**Matt Dykes:** Yes, that is exactly what we are saying, although we would argue that we should increase that area of flexibility.

**Councillor Hugh Malyan (Chair):** Okay. Thank you.

**Kate Monkhouse:** I think projects like FRESA have been important in terms of the work that the Commission is doing: recommendations or thoughts that you have around simplifying some of the sector. If you look at skills as a sector, it is a very complex landscape for people to engage with. Therefore, without being overly critical of the LSC, there are lots of other players within the skills sector, and having something like FRESA as a way that sets that jigsaw out, if you like, is very important, but we should not need to be creating lots of organisations to explain the organisations that are still in place. Therefore, when the Commission is looking at what should the lie of the land be for these different areas, I think holding in mind that simplicity and not overcomplicating things is quite an important principle.

**Councillor Hugh Malyan (Chair):** I think I can reassure you on that point already, actually, in the broadest sense, that it is not rebuilding Roman structures, as it were; it is trying to optimise what is already there. I am not going to be much longer now, and thank you very much for staying with us. The current distribution of the powers for the Mayor – I am looking top-down now, from Government – and the Assembly; any views on that in the broadest sense? Hopefully, all of you will know broadly what the mayoralty was given when it was made in 2000; should the Mayor be doing more? Should the Mayor – whoever the Mayor is – have responsibility for more, and I am specifically not looking at sucking up powers from local communities or local councils – I am looking down; in other words, proper devolution, not someone else's idea of devolution.

**Peter Eversden:** Perhaps policing comes into that. Is he really responsible for policing in London?

**Councillor Hugh Malyan (Chair):** I believe he says not, but do you have a view on that?

**Peter Eversden:** People think that he is, because there is a Metropolitan Police Board and so on, and the Mayor, and they think this is all under the Mayor's control. However, those of us who think it is subject to a lot of other influences, and he is not really able to do all the things that borough commanders and communities might want, are perhaps a restriction on his powers.

**Councillor Hugh Malyan (Chair):** Okay. Any other views? Any other subject areas?

**Matt Dykes:** We would be quite happy to see some greater devolution of some of the central Government quangos aligned more closely, if not controlled by the Mayor, with regional priorities. I think some of the regeneration agencies like English Partnerships, and I think all of the roles of the LSCs, could be within the remit of the LDA, for example. I think that only makes sense to align your regional economic policy with your regional skills policy; that just makes sense. I think, given the Mayor's responsibility for the London Plan, for setting affordable housing targets, and setting out criteria for the location for affordable housing developments, it would seem sensible that he had some control over the allocation of affordable housing resources. We welcome the greater powers that the Mayor seems to be acquiring over transport; we think that is a healthy development. We think the five-year funding strategy for TfL is a good thing.

**Valerie Shawcross (AM):** Did you include rail on there? Did I mishear?

**Councillor Hugh Malyan (Chair):** He said transport.

**Matt Dykes (Policy Officer, SERTUC):** Just the transport, although we would like to see increasing powers over Network Rail and we are glad to see tentative steps in that direction. I think granting TfL the ability to raise bonds is also a positive development.

**Peter Eversden:** We cannot see all the rail coming, unless the Mayor is given more involvement in Network Rail in the Greater London area, because of the conflicts with freight and all sorts of other things, and routings that have to be sorted out. There are other things, like the Port of London Authority and the Environment Agency's activities in London, which I think the Mayor ought to have more involvement in, so that, when they give opinions on things and when they are involved in decision-making on spatial development, it is in line with the London Plan policies and it is consistent, because at the moment some of that delivery is very inconsistent.

**Councillor Hugh Malyan (Chair):** GOL – does anyone have a view on that? That has rather a large budget.

**Simon Woolley:** I just want to go back to the other point – powers for the Mayor. Given some of the critical challenges for the capital's black communities around policing, around housing and education, we would like to see the Mayor have more power in those areas. It is critical; it is alarming that



two thirds of black Londoners live in the poorest areas in the capital, and yet there is not a figure that is able to cut to the chase and tackle that effectively. Likewise with the police, I would like to see the Mayor haul in the (Metropolitan Police) Commission and say, 'Things have to change now; otherwise, you are out of a job'. Also, education.

**Councillor Steve Hitchens:** Can I come in there and ask you: are those powers for this Mayor or for all mayors, because it is the checks and balances alongside the absolute.

**Simon Woolley:** You are absolutely right. It is the check the balances and it is a double-edged sword because, clearly, if you had the wrong person, it could be a disaster. This is not party politics.

**Councillor Steve Hitchens:** It could be different.

**Simon Woolley:** This is not party politics – I am talking about an agenda for justice; an agenda for tackling real problems and cutting to the chase to that. Therefore, it is yes and no: yes, you would want the Mayor to have more power, but clearly there need to be the checks and balances so that they do not have free rein to be a completely loose cannon.

**Peter Eversden:** The areas of deprivation have to be built into broader spatial planning; they cannot be left to the local authority to do something about eventually. We have to have land onto which we can create the kind of housing that those people deserve, move them, and then take down the kind of housing that none of them want to live in, and do the same. The LDA, surely, have to be involved in this. Has the Mayor got enough powers for land assembly? I know he needs to do it in the Thames Gateway, but we need it in lots of other places.

**Councillor Hugh Malyan (Chair):** Some big subjects were named there: English Partnerships, LSCs, housing, transport, the Port of London Authority, etc. – stuff coming in to the Mayor; if any or all of those happened at some stage in the future, that would obviously then dramatically increase the powers of an executive mayor, so I am moving specifically on to that point. What is the balancing act of that, either through the Assembly or through the boroughs, or a combination of both, and anything else outside? If whoever is the Mayor got substantial increases in executive powers, how are we going to make sure, if we think that is good in the first place, great, but how do we balance it?

**Peter Eversden:** Empower the Assembly.

**Simon Woolley:** A more robust Assembly – a more robust and empowered Assembly. I think that that would raise the perception of the Assembly with the public and really give Assembly Members scope to be proactive and seen to be proactive, as they would like.

**Peter Eversden:** They have to be involved in individual bits of the budget, surely – not just the total budget.

**Councillor Hugh Malyan (Chair):** Right, thank you. I was going to come onto that. A more robust Assembly, great, but can we be specific? Any particular example of how it is going to be a more robust Assembly? I am not an Assembly Member. I think it is only the budget itself – the annual budget – which needs a two-thirds majority to be overturned, so that is one pretty big one in favour of whoever is the executive Mayor. Should that be altered? Should they be able to overturn actual policy document strategies as against the budget, either on a similar percentage or on just a pure majority basis? Any views on that sort of thing?

**Peter Eversden:** I would like to see them down at the project budget level – perhaps not too small, but to deal with the overall budget only, and then the Mayor can go off and insist upon implementing Congestion Charge extension, or something, when there is great business and local authority and public opposition to it in terms of the adverse effects it would have. These are the kinds of things in which there seems to be no Assembly involvement, and there will be priorities in transport as well, where priority goes towards buses and subsidies for them in a certain way, or into an investment in some other form of Underground reliability improvement. These are the things that I do not think the Assembly can be involved in decision-making and reviewing and saying, ‘No –you cannot spend that money because it would be better spent this way’.

**Valerie Shawcross (AM):** Can I ask Peter (Eversden) about that because, of course, Assembly Members are not just scrutiny members; they are very involved in the functional bodies and the LDA and policing and so forth. However, I think the examples you came up with there were on transport, where there are no Assembly representatives on TfL by matter of statute. Would you see transport as a particular problem – as an area where there should be more Assembly involvement?

**Peter Eversden:** There has been Assembly involvement in things like the West London Tram.

**Valerie Shawcross (AM):** I mean in the decision-making side.

**Peter Eversden:** The Mayor wants to spend £700 million on a tram and he wants us to subsidise it for £50 million per annum forever. That has been investigated by the Assembly and the majority decision was that that was probably not a good thing, but I do not know what happens after that. The only thing I can see is that, because of its nature, there might have to be a public enquiry, so that takes the decision away from the Assembly and London and Londoners, and puts it with the Planning Inspectorate.

**Valerie Shawcross (AM):** The point I am trying to make is that Assembly Members can scrutinise on transport, but have no actual legal involvement in decision-making. Are you saying that it would be better if Assembly Members

were involved in that functional body in the same way that they are in the other functional bodies?

**Peter Eversden:** Yes – I think it certainly would, because we have developments approved and delivered, where the transport infrastructure was expected to have been delivered also by now is not there. Therefore, we have great stress in certain communities where the transport services and public services are not in place. There are many areas – Brentford is one. Brentford has doubled its population – or will do within two years – and you have to go across the river to sign on to a dentist or a doctor. You have to go to another borough to find a kick-about football space, and so on.

This sort of conflict – a lot of these issues need to be addressed from the point of view of sustainable development, and transport is a key one of them. If we have undertaken to deliver a transport improvement to get a peak hour from three to four in a particular area to support a development, and then we walk away and leave it without, what have we done to the people who live and work there?

**Valerie Shawcross (AM):** I think you are getting into specific issues that you feel strongly about. We are trying to talk about the system, though I appreciate they are illustrations. The general system point I am trying to put to you, to question whether you think it needs amendment or not, is that, at the moment, in terms of the executive delivery of the GLA family, there is an uneven engagement of Assembly Members. Assembly Members are hugely involved in the Fire Authority, quite involved in the Metropolitan Police Association (MPA), a little bit involved in the LDA, and not at all on TfL, and there are areas of GLA delivery – the Mayor's work on environment, waste management, cultural industries, planning – those things that are specifically the mayoral powers where there is no formal opportunity whatsoever.

This was all by statue – it is not to say the current Mayor. Assembly Members do more of some things and less of others, yet one of the institutional ideas behind the GLA was that there was a chance for these strategic bodies to influence each other; that you would do economic planning in a context where you had transport strategy. You understand; it is the alignment of the strategies that is really important for London, but there are some areas where there is more or less Assembly engagement. Is it working? Is it okay, or would you like to see more, less or better?

**Matt Dykes:** I think you are right, and there is a lack of clarity about the general role of the Assembly. I think there may be a contradiction, or fuzziness, about the role of Assembly Members who have a scrutiny function, yet also sit on boards. To me, that could do with cleaning up a bit. If you have a stronger Assembly that has greater scrutiny powers over individual strategies, I think that is a good idea. Whether they should then sit on the boards of those functional bodies implementing those strategies seems, to me, to be an uncomfortable combination of hats, and I think one that could do with cleaning up and greater clarity.

**Councillor Hugh Malyan (Chair):** Put simply, the patronage powers of the Mayor to appoint people to various positions is a bit at loggerheads with their ability to scrutinise him, whoever he or she is.

**Matt Dykes:** That is much more eloquent than I would put it.

**Councillor Hugh Malyan (Chair):** A bit more bluntly, perhaps. I appreciate that you probably did not want to put it like that.

**Kate Monkhouse:** This issue of consistency is important, though, because, for example, a couple of weeks ago, I was giving a lecture on how the GLA works, and I explained the role of each of the functional bodies, and people were really questioning me on why we have a police and a fire authority, but then it is the TfL bit of the service. Why does the Mayor not have control over the police service or the fire brigade, as he does with transport, and then the regeneration agencies? Is London Health Commission a functional body or a commission?

These are the questions that I was getting from people, so I think, for the people who, at present, are struggling to understand the role of a strategic regional body, to then add on additional responsibilities without clarifying and making the accountability processes and mechanisms very clear and consistent, would be a challenge in terms of people understanding why that was happening. Therefore, some looking at the balance and perhaps renegotiating that settlement that was done around 1999 would be important. One of the things that we have heard when we have been chatting to people about the Commission's work has been around accountability and transparency – some of those issues.

**Peter Eversden:** Who is going to decide where casinos go in London – Tessa Jowell (Secretary of State for Culture, Media & Sport), the Mayor or the Assembly?

**Councillor Hugh Malyan (Chair):** That was a very sore subject down in Croydon many years ago – I will not go there.

**Councillor Steve Hitchins:** I have found this discussion fascinating and I want to challenge some of the things that you have said around powers in particular, because it seems to me, just to give you a bit of context, that there is a desire for a strong executive Mayor on the one hand, but then also an Assembly that will hold him in check. However, I need, I think, to get a bit of clarification around how much you would want the Assembly involved in decision-making.

I do not particularly hold this view very strongly, but there is a school of thought that says, for instance, Congestion Charging would never have happened if the Mayor had not had absolute power in that area. At the same time, there are other things that the Mayor could do, that we would all approve of – and Simon (Woolley) has referred to some of them – that he cannot do at

the moment. That is an example where the checks and balances exist, but we all think they are the wrong way round. I do not know about that.

One of the things that we have been pushing for throughout this process – and I think we are leading the agenda just a little bit – is about quangos. We are trying to actually drive forward the agenda of democratic accountability. Where do you see your organisations in that? We talk about LSPs where, in fact, the community and voluntary sector are notionally engaged and involved in the decision-making, and statutory partners actually have more influence than decision-making power. Those of us who are on councils get intensely frustrated, because we have the responsibility as the accountable body – a technical term which means we sign the cheques – but in fact have little authority to deliver them without all those other partnerships involved.

We are in the world of influence; does that water down democracy? If you water down democracy, does that mean community engagement with democracy goes? How can you, as that community sector, provide – in some ways, I use a crude term – the recruits to get into democracy and into democratic structures? Often, we look to the organisations that you are representing here today as the people who will come in to local government, into the Assembly, and into Parliament, because you have actually grown up and developed people and roots in the community? Sorry – a bit long-winded.

**Simon Woolley:** There is nothing simplistic about it, but, I suppose, broadly speaking, we have argued at this panel that we would like to see the Mayor with greater powers, but we would also like to see a more robust Assembly, so what does that mean? We have talked about a lack of clarity – or greater clarity – in terms of the roles of the Assembly Members. However, what should underpin the roles of the Assembly Members is a democratic principle that you are around the table, around some of the key decision-making arenas, or all of them, as a matter of principle.

You may want to say, 'What power would you have around that table?' – you can talk about that, but it is a principle that I would argue that you would need to be there at perhaps all of them, or nearly all of them. However, in terms of the other bodies – the quangos – we need greater, wider representation on these quangos, and we need to be able to put together a process to make that happen, but also a greater understanding on how these quangos work and how they affect the community. Therefore, their accountability is raised, because people understand how they work and what they can expect from them, and begin to ask those relevant questions.

**Peter Eversden:** You mentioned the LSPs; I referred earlier to the empty chairs at some of those. We want those people there, so that they can commit and be involved and hear other people's priorities. I am doubtful whether the LSPs will continue if the Government does not fund them beyond 2006. It is a very small part of the income for the borough anyway, yet the borough is left running the LSP, in many ways, often putting in the chairman and a lot of office time. The elected community and voluntary representatives who are on it want to think that they can influence these other quangos by

having them there and putting to them the local issues which really have to be addressed and taken into account when budgeting.

Therefore, I would want LSPs to continue. We addressed this with Lord Rooker (former Minister of State for Regeneration and Regional Development) in the previous administration, and we did not get some of the answers we wanted. I would like to take it up with Mr (David) Miliband (Minister of Communities and Local Government) with his new Department of Communities and Local Government, to see what the future policy is going to be for strong local leadership and all the rest of it.

**Councillor Hugh Malyan (Chair):** I am going to draw it to a close there. The first thing to say is thank you very much to all of you. It has been a useful discussion. We have gone around some issues but we have also gone straight into the heart of one or two issues, and that has been useful in informing us as we work towards our final report. Thank you very much. If you want to keep in contact, there is stuff on the website and the like. I hope that you were able to take part in the consultation document that went out in February; if you did not, we can still supply one, even though I think we are a bit over the date now, but we are still keen to hear as many and as wide a view as possible. On that note, we will stop there, and thank you very much.

**Peter Eversden:** Thank you, too. If there is anything more that you want to ask us, please do, because with our networking, we can get views from a very large range of people.

**Councillor Hugh Malyan (Chair):** Thank you for that. We will certainly be doing more wider consultation work over the next couple of months.

**14 June 2005**

## **Commission on London Governance: Twelfth Hearing**

### **Evidentiary Hearing on Urban Parish Councils**

The Commission heard from the following panel on urban parishes:

#### **National Association of Local Councils**

- Michael Green, Policy and Parliamentary Affairs Manager (who lead the session). Justin Griggs, Head of Development
- Tim Ricketts, Head of Legal Services

#### **Parish Councillors**

- Cllr James Lewis (Labour), Kippax and Methley Ward, Leeds City Council
- Cllr Isabella Fraser (Lib Dem), Campbell Park Parish Council, Milton Keynes Council and Chair MK Association of Urban Local Council
- Caroline Godfrey, Parish Liaison Manager for Milton Keynes Council Unitary Authority
- Cllr Thomas Fraser (Conservative), Campbell Park Parish Council, Milton Keynes Council and Training Officer for County Association for Parish Councils.

#### **Present:**

London Assembly

Association of London Government

Cllr Hugh Malyan (Chair, chaired the hearing)

Cllr Steve Hitchins

Darren Johnson (AM)

Cllr Merrick Cockell

Murad Qureshi (AM)

Valerie Shawcross (AM)

## **Transcript**

**Councillor Hugh Malyan (Chair):** We are into the business of the day. Can I say a very warm welcome to all our guests, both elected councillors and officers representing the National Association of Local Councils (NALC) but also individual parish and town councils. There has been a bit of a switch around of names so can I ask you to introduce yourselves briefly? Starting at the end, just say who you are and whom you represent.

**Councillor Thomas Fraser (Campbell Park Parish Council, Training Officer for County Association of Parish Councils):** On your list of questions, I am not a Milton Keynes councillor; I am a parish councillor for Campbell Park Parish Council, and I am training officer for the County

Association of Parish Councils in Buckinghamshire, Bedfordshire and Milton Keynes.

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):**

I am a Milton Keynes councillor and Chair of Campbell Park Parish Council and I chair the Milton Keynes Association of Urban Local Councils.

**Richard Townend (Parish Projects Officer, Milton Keynes Council):** I am Parish Projects Officer and I work for Milton Keynes Council.

**Justin Griggs (Head of Development, National Association of Local Councils):** Good afternoon, I am Head of Development at the NALC.

**Caroline Godfrey (Parish Liaison Manager, Milton Keynes Council):** I am the Parish Liaison Manager for Milton Keynes Council Unitary Authority covering a large part of North Buckinghamshire. We have 45 differing parish and town councils within our area. We are one of the only areas in the country that is fully parished.

**Tim Ricketts (Head of Legal Services, National Association of Local Councils):** Head of Legal Services at the NALC.

**Michael Green (Policy and Parliamentary Affairs Manager, National Association of Local Councils):** Policy and Parliamentary Affairs Manager at NALC.

**Councillor Hugh Malyan (Chair):** Thanks very much for that. I was able to speak to a few of you outside. This is our 12<sup>th</sup> evidence hearing now so we are well into the meat of the business, as it were. The Commission on London Governance is looking at all the issues to do with the present governance models in London. The Commission is not briefed to look at the size of the existing 33 London boroughs, the outer perimeters of London or its inner borders. That is not what we are doing. We are looking at the governance models particularly in relation to what is provided in terms of services to Londoners straight from the centre from national Government, and what is provided and over which there is some influence with us at regional government – with the Mayor we now have a regional tier once again – and also with the 33 London boroughs.

We are also looking at – probably for the first time seriously in a long while – the sub-borough, the lower than borough level, which is why we are particularly pleased that you have been able to come and give us some of your thoughts today. We are pretty informal. We have a list of core questions we would like to ask you and anybody who feels they have an answer on a particular point, please do come in. I am sure we shall stray off the core theme on one or two points. Tom (Fraser), I think I shall ask you to say a couple of things to kick us off with, but I am also aware, Tim (Ricketts), that you may want to say something from the NALC perspective. If you do not



want to, if you just want to go into questions, that is fine, but if anyone wants to make an initial statement we would be delighted to hear that.

**Councillor Thomas Fraser (Campbell Park Parish Council and Training Officer for County Association for Parish Councils):** Thank you, Chair. I would simply like to make a few comments. We are talking about the first tier of government, not some sub-group. It is the first tier, an inverted pyramid with Tony Blair (Prime Minister) at the bottom and the people who touch Jo Public at the top of that pyramid. That is the first thing I would like to say, Chair. Parishes have moved some considerable distance since 1894 or 1895, whenever it was, and over the last five or six years they have rocketed. Some people would suggest they have rocketed out of control. Relationships – and I am sure we will come onto that shortly – are always a delicate thing: how you establish relationships with other groups, be they at national level or at principal council level. I would suggest that we consider very carefully strong divisions within NALC and where those divisions might end up. I think you have alluded to the fact that you think the parishes might be contained within a borough. I am not sure that is altogether good and I think some considerations have to be made on that score. I am sure many of the problems that you perceive you will throw at us, and we may be able to give you food for thought on some others. Thank you, Chair.

**Michael Green (Policy and Parliamentary Affairs Manager, National Association of Local Councils):** From the National Association's perspective, we are pleased that this Commission is doing the work it is doing at the moment because we find the timing very interesting. The Commission will be aware that the Government, starting from reports issued at its Sustainable Communities Conference in Manchester in January 2005 and then added to by the Labour Party manifesto, is committed to removing all the legislative barriers that are in place to the existence of first-tier councils – which are parish and town councils in England – within the Greater London area.

Notwithstanding the neighbourhood arrangements debate and the development of that particular policy, which you may or may not be aware will probably appear in a White Paper sometime in March 2006, the case for the removal of those legislative barriers and the case for the citizens of London to be able to enact the process in which they create town and parish councils or any variant named version that may come about, stands on its own. We believe that London would benefit just as much as any other sector of England that has parish or town councils in it, be they urban or rural, and we as an organisation are happy to discuss with all organisations interested in governance matters how best to take forward the 100% first tiering of England, including London.

**Councillor Hugh Malyan (Chair):** Straight into it then. We have come at it with an open mind. You mentioned quite rightly the timing and brought up Sustainable Communities in January 2005. We have been going since last year. There is a coincidence as far as we are concerned because we believe that London governance issues have been in urgent need of addressing right

across the range for a long, long period of time. The timing of that part is coincidental but it is useful nonetheless. In terms of opening up Greater London to the possibility of new parish councils, the simple question is why? What are going to be the benefits for Londoners, from a general perspective but also bearing in mind that like all areas, London has some unique features about it that are unique to London? What are going to be the benefits to our residents, our communities here in London, from going absolutely formally and directly down that path?

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):**

I think the benefit would be precepting ability: taking groups of residents who may have been residents' associations, action groups, special interest groups, and bonding them together in a first-tier authority with not only precepting powers, but also the responsibility of delivering things. It is very easy for groups to say, 'I want', but 'I want' does not always get and 'I want' is not always deliverable. I think first-tier councils can actually focus what are deliverable concerns.

**Caroline Godfrey (Parish Liaison Manager, Milton Keynes Council):** From a principal authority's point of view, it is a way for local people to have their views met on a more local basis. The occasions where a minor issue as far as a principal authority is concerned can be dealt with by local people who have knowledge of that issue has its benefits and it actually helps both tiers and there is obviously then better satisfaction for the residents.

**Councillor James Lewis (Kippax and Methley Ward, Leeds City Council):**

I think one of the initial observations I would make from the comments I have heard is that when people talk about community neighbourhood parish councils, you are actually talking about an incredibly diverse group of organisations. The parishes and town councils that fall within the Leeds City Council boundary vary from ones that have a budget of £2,000 and represent 132 people right up to some town councils that have budgets closer to £250,000 and represent 10,000-plus people. I think it is always important to reflect that whilst the principle of first-tier authority is there, what actually can constitute a first-tier authority can be very, very varied.

**Councillor Hugh Malyan (Chair):** Your comment reminds me that we need to keep an idea of scale here. Each ward in London is approximately 10-11,000 people and in my own borough of Croydon in the south there are 24 wards with 10-11,000 people in each. A quick comparison there would be almost – though we are not tied to boundaries here in a particular sense, I hasten to add – you would almost be talking ward by ward as a quick correlation at the very least.

**Justin Griggs (Head of Development, National Association of Local Councils):** I just wanted to expand on what James (Lewis) was saying in terms of the diverse nature of our sector. The smallest parish councils are some few hundred people with only a few hundred pounds within their budget, but at the top end of the spectrum you have Weston-super-Mare with 72,000

people, council budgets of over £2 million pounds, heavily involved in regeneration initiatives, really revitalising their economies and tackling the issues at hand which the constituents within their community want them to tackle. By identifying those priority areas through parish planning programmes, through village-design statements and market town health checks – the sort of tools that enable communities to tackle the problems themselves and build their capacity from within. It is a massively diverse sector which, as you say, is an issue to look at when you look at the diverse range of the boroughs across London.

**Michael Green (Policy and Parliamentary Affairs Manager, National Association of Local Councils):** Can we focus on your question which is interesting as well. Justin (Griggs) is absolutely right to focus on that diversity, but that diversity is born of choices made over a long period of time in terms of forms of statutory local authority. You asked the question, ‘Why have them in London?’ The real question is, ‘Why has it taken this long to address the question of why they were never available in London?’ I cannot think of any other place in England where there are so many different types of community settled under one banner as London, or where there are so many diverse little styles of living or communities with different aspirations, affluence levels, cultures even. When parishes and town councils are allowed – our community councils are going to be called that, our neighbourhood councils are going to be called that – and are legal in London, the diversity of what we now call town and parish councils will become even more diverse. London will add a level of diversity that stretches even beyond the scale of the ones we have made reference to in terms of where we are for the rest of England. That will also be true of some of those urban areas that are yet to go fully through the process of analysing the usefulness of first-tier councils to their governance systems. You will add to the level of diversity already existing by bringing London into the parameters within which the rest of the parish and town councils are enacted.

**Tim Ricketts (Head of Legal Services, National Association of Local Councils):** Just briefly, when looking at this it is important to appreciate that with parish and town councils more than other sectors I think, what communities get out of their parish and town council very much equates to what residents and communities are willing to put in in the first place. I think that parish and town councils are a great enabler in so far as they put a framework there for communities to get involved with things on a larger picture that they would not otherwise have access to. It is an enabling provision, but very much what they get out of it will be dependent on what communities are willing to put in in the first place.

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):** I think that is entirely right. I think what can come out of it can be quite startling. The council we serve is a council of 15,000 people, 10,500 electorate, 6,000 homes and a £500,000 budget, but we had the first crime and community safety officer in the country. Working in partnership with the unitary authority, we delivered a strand of the Public Service Agreement

(PSA) which saw a fairly substantial performance award come back. I think that in times of very stretched funding for principal authorities, the added benefit of a town or parish council is not only the additional resources they can bring, but the partnership working, matched funding, and the ability to go and get funding from other quarters. As a group of urban councils we are about to take ourselves off to Brussels because we feel we are not tapping into European money fully enough and we have some major regeneration schemes we wish to do so we need that money.

**Councillor Hugh Malyan (Chair):** I have a number of colleagues waiting with questions but I have one burning question left myself. I have been thinking about this for ages. In another life working with bodies like the Audit Commission, I spent quite a lot of time going round the country doing inspections and various other things. Coming from London and not being used to parish, urban or town councils, I have been struck – and I hope from a neutral point of view to start with – by the negativity I have experienced in my role of interviewing lots of people from different organisations, by the antagonism and negativity between the tiers. I have to say that my experience has been overwhelming in that respect from Wales to the Home Counties in England: a level of distrust, pretty simple turf-war type stuff, people sitting on either sides of a fence with their arms crossed not moving when it is apparent to anyone who has not got a precept agenda that these organisations need to talk to each other – whoever's fault it is, whichever side of the fence's fault.

For me, at the moment that has not impressed me with the whole concept of another separate tier – first tier as you refer to it. You will be aware in London that because of that history of not having that first tier, in recent years most councils have been setting up things like neighbourhood partnerships, area committees, a whole range of different things across London. Why would they not be a better alternative model to what you are suggesting, so as to cut out that institutionalised warfare between different organisations? I am sure I am going to get cut down in pieces now, but discuss.

**Councillor Thomas Fraser (Campbell Park Parish Council and Training Officer for County Association for Parish Councils):** You have raised two issues there. First, the people in the parish are elected. They have a democratic legitimacy. Very often these things which the Government are now talking about are local quangos – heaven help us if it goes any lower. Some people in the voluntary sector do a good job, but for the most part they are there to satisfy their own requirements; they are not there to service the community. That is the first point. When you elect someone to a parish, you are giving the population a name to stick pins in where at a principal council level you are talking about thousands of people that this poor sod has to try to interface with, and you can almost say they never do truly successfully interact. I am led to believe in London that the areas where surgeries are held is quite small. In the case of parishes, your front door is the surgery entrance until such time and even after you have office accommodation, transport and so forth.

I think there is a vast difference from giving voluntary groups resources. Parishes very often go out and create voluntary groups – charities, whatever, trusts – and those go away and get money; most things revolve around money – pounds, shillings and pence. When you have these people going out and getting money instead of the way principal councils work where they are usually giving them money to take things off their hands, it is a very, very powerful set of tools and I am sure some of my colleagues here will elaborate on that either now or later.

**Michael Green (Policy and Parliamentary Affairs Manager, National Association of Local Councils):** Two things: first, a quick point about relationships between sectors. Your experience notwithstanding – we all hear stories – the fact of the matter is that year on year, in district after district, county council after county council, first-tier councils have liaison meetings, they do business with, they take responsibility for services that have been devolved to them from principal authorities. The working relationship across the board across this country between principal authorities – be they districts, unitaries or county councils – and first-tier councils has a lot more examples of reasonable, good, effective relationships than any stories of turf wars or any issues around demarcation.

I want to come specifically to the idea of what are called area committees and area governance systems. Let us be clear about this: what is provided for under the Local Government Act 2000 is that area committees and area governance systems are sub-divisions of the responsibilities of principal authorities. They are not replacements for and they are not competing with first-tier councils which are brought into existence on a different statutory basis and have – as some of your research will have shown you already – their own powers and duties and are entitled to have democratic bodies that run them.

I live in the Royal Borough of Kingston. The Royal Borough of Kingston's area governance arrangements are called, for want of a better expression, neighbourhoods. There are four of them and there are four of them to cover the whole borough. As you will be aware, Kingston is not your biggest borough in terms of numbers, but even with its own area governance system of neighbourhoods, it cannot reflect the communities in terms of the devolved decision making processes that it goes through. It has one called 'South of the Borough'. South of the Borough involves communities, real communities of Hook, Chessington, Tolworth, Malden Rushett and other smaller communities within those general names. As much as the Royal Borough of Kingston tries, it is not involved in community governance at any substantial level, because the community is not identifying itself and it is not electing its own representatives to take forward those duties and powers that it could do if it had a first-tier council that it is only prevented from having presently by the law of the land. It is London that is out of kilt with the rest of the country. I see nothing in living in the Royal Borough of Kingston that says there are distinct, London-orientated issues that could prevent successful first-tier governance, democratic first-tier governance in that particular area.

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):**

I think there are tensions – nobody would deny there are tensions – but they are not universal tensions. Certainly in our case we would not have been able to deliver the community safety strand of the PSA we did without partnership working. We would not have been able to deliver a very successful partnership with the Racial Equality Council (REC) that we do without partnership working. I think the important thing is that we had in one of our wards a very difficult situation where we had some residents set up a residents' action group. Some very good natural leaders came to the surface. Three of those young women are now councillors in our council. One of them will stay a parish councillor; one will drift off when she has got all she can out of it and given all she can; the third one will probably graduate onto principal council and possibly even to Parliament one day. It is a natural training ground for understanding local government, for understanding the basic building blocks of local government before people might move on – as many have done – wearing hats on two or three councils. I think it is a very important building block.

**Darren Johnson (AM):** We have talked a bit about the issues around turf wars and avoiding duplication with the local authority and the parish. I can clearly see there are ways of doing it and ways of avoiding the pitfalls and all the rest of it. However, one of the things we have been looking at on this Commission as well has been the role of the local council at ward level rather than just at borough level in a strategic way: the role of the ward councillor at ward level. How would you ensure that there is not a big duplication between what the ward councillor is doing on a community level at ward level, and what the parish councils do?

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):**

I am a ward councillor and a parish councillor. The first thing we did as a parish was brand the parish; we marketed it. If you ask most people, many do not even know who their unitary or principal councillor is, let alone their parish councillor. We adopted a tree because Campbell Park is the title. We have it on all our vans, we have it on our towels, on our shirts and jackets, and we became the tree council. Local people could adopt that. They know the tree council and the children know that our staff work for the tree council. People stop me in the street and being retired now I can work out the parish office so I am there all day and every day. The difference is that I can use my unitary authority membership – being a councillor of a unitary authority – to get much more quickly to key officers, to key sections of the unitary authority, but to me it is an almost seamless transition. I do not really think of which hat I am wearing. I use the mechanisms of both to feed into one another.

**Caroline Godfrey (Parish Liaison Manager, Milton Keynes Council):**

There are tensions on occasion. I think some of those tensions can be resolved by the dual-hattedness which can cause other problems. A lot of our members are also parish councillors.

**Darren Johnson (AM):** A lot of Assembly Members are also borough councillors. I will declare an interest there.

**Caroline Godfrey (Parish Liaison Manager, Milton Keynes Council):** Going back to Hugh's (Malyan) question, I am not surprised that you have heard that because I hear it all the time; there are tensions across the country. We set up a liaison team within Milton Keynes Council because it was clear in the end that there needed to be a central point to sort out these differences. There can be duplication and there can be conflict. We have to write protocols and we sometimes have to knock heads together, it is as silly as that really: that is my job, I am doing that; no, it is not your job. Our officers get torn into, maybe even consulting with a parish where they forgot the ward member. It is okay where as in Isabella's (Fraser) case she is a ward councillor of the same ward of a parish, but it is not always like that. You can be a ward councillor in a different area and a parish councillor in a different area, where you live of course. There are tensions that need to be worked through and it is a case of bringing everyone back together but it is not easy all the time and it needs backing right to the top of the organisation, both politically and in a chief officer board sense.

**Darren Johnson (AM):** With the scrutiny/executive split at principal authority level now, the idea was that those councils involved on the non-executive side were to pay far more attention to community issues in the ward and champions in their own ward. If there is a meaningful role for them and there is a parish council, is there enough for both lots of councillors to do in a meaningful way and work together? That is all I want to hear really.

**Councillor Thomas Fraser (Campbell Park Parish Council and Training Officer for County Association for Parish Councils):** Within Milton Keynes – and I would imagine with your 32, it sounds as though you are adding perhaps the City of London Corporation in as well – within that context I would think you would end up similar to Milton Keynes, as it happens. The parishes are totally warded other than meeting places, so you would end up being warded. As far as the bridging, a lot of principal council ward members attend parish council meetings and use it as a surgery, a sounding board to throw ideas on the table, and they either get hit over the head with them or they are picked up, and the parish has access to resources which a principal council does not. There is very, very little that a parish council cannot do if they so wish.

**Councillor Steve Hitchins (ALG):** Could you give us some examples of the resources that you have access to as parish councils?

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):** Precept: our own precept which is precepted locally and is spent locally. We are a precepting organisation, so we can go off and get partnership funding – the Shanks & McEwan landfill tax, all sorts of things because we raise our own. We raise £500,000 a year which is spent in the six wards of our parish. I put my precept up because we had taken a major step; last year I put my

precept up 96% because we had taken on six staff in one year in our new office. We did not have one complaint because people could see we were delivering. They could see the vans.

**Councillor Steve Hitchins (ALG):** Does capping apply to parish councils?

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):**

No, it does not yet. We are doing it before capping does. We know it will come. The one thing I would say to you is that if you go down the route of parishes, the pitfall you must avoid is to remember that you do not run parish councils. They are totally autonomous organisations. They have their own structure and that structure is district associations, county associations and the National Association. It is to the National Association that we look for guidance, legal help and advice. There are local authorities who patronise their parish councils. I have had an executive of Milton Keynes Council some years ago say, 'I am not changing my policies for tin-pot parish councils'. That is what you must avoid. You must realise if you go down that route that they are a legitimate tier of local government and they are an autonomous tier of local government. If you start off on that premise, I do not think you will have a problem.

**Councillor James Lewis (Kippax and Methley Ward, Leeds City Council):**

Coming back to Darren's (Johnson) initial question, what is the difference between a ward councillor and a parish councillor, one of the key things I would identify is that when ward boundaries are drawn up they are drawn up by the Boundary Commission which has a specific objective of bundling up voters into numerical amounts. When Leeds City Council was done, the objective was to get 33 different groups of 15,500 voters. The effect of that is that they principally reflect that objective. Within my own ward, it is six discrete communities, five of which have parish councils and those parish councils range from 100 people to 8,000 people. First of all, when parish councils are being set up, one of the key questions is, 'Do they reflect what people identify as a community?', not a boundary committee's objective to group people numerically. I would echo what Michael (Green) said about area management arrangements: they are not a substitute for first-tier local government.

Where I am, I am part of the imaginatively named Outer East Area Management. Leeds is in five wedges running from the city centre right out into the countryside, each of which is divided into inner and outer. People live in inner or outer, and then east, west, north-east, north-west and so on and so forth. They are not communities that people identify with; they are there to divide the city into 10 roughly equally-sized areas. I think that is the difference between the parish and maybe a borough ward, a borough, an Assembly seat is that: they are principally determined by community.

**Councillor Merrick Cockell (ALG):** You have heard from Michael (Green) about one Royal Borough. I am Leader of Kensington & Chelsea; perhaps it helps to give an inner-London perspective as well and I am sure Steve



(Hitchins) will from Islington's perspective as well. You said that London is a strange place that does not have parishes. Of course, that is where we started from: in inner London we started from vestries. The vestries were the system of local government until 1901. We had the Chelsea vestry and we had the Kensington vestry and they had the fire brigade and all sorts of things. The first reorganisation happened in 1901. Then we were two boroughs and then we became one in 1965. We are four and a half square miles, we have 18 wards, 175,000 people. I think there are wards maybe in Kingston and certainly in Bromley that are bigger than the whole of my borough. We are really at quite a small level of communities.

My suspicion in the pushing of urban parishes – I do not think you are doing it, because you are speaking of your experience of the urban wedges of Leeds right the way through to the leafy glades of Milton Keynes – is that – and we heard it from the Mayor of London when he was talking about taking democracy down to a lower level – is that there is another agenda here certainly in London. That is something we said we were not going to talk about but unfortunately it is impossible not to do so when you are with us, which is, 'Let us reorganise London governance into these Leeds-like wedges or super boroughs as we have heard the five super boroughs that have been suggested, and then we will have urban parishes because they will be far more in touch with the local community'. That is what I see certainly behind some people's agenda in the promotion of urban parishes. My take on that is very much your take on the wedges of Leeds: there is no set of communities going from the city centre out in wedges, and if we replicated that in London we would not have single-tier or two-tier boroughs that truly represent their communities. I would suggest that most of us feel that we do truly represent the various groups that form the 33 London boroughs. In my case, it is a borough that has built up from villages and you can still identify those villages and there is still a community feel to those.

One comment and then a question. One of the reasons for promoting the idea of urban parishes is to take it down to grass roots and get people coming in at a first-tier level and the interesting thing is that so many of you are multi-tasking: you are on those parishes but you are also on the district and maybe you go through. I just note that. Do you think there is a community in London that is crying out for a third tier of local government? We are unique now because of the building you are in. We have the boroughs that provide most of the services. We have a Government Office for London (GOL) which is extremely powerful as well and we hope by the end of this process we may have chipped away at that, and then we have the boroughs. Do you witness a crying out, or do you believe in London there is a cry for this third or as you would call it first tier?

**Michael Green (Policy and Parliamentary Affairs Manager, National Association of Local Councils):** In your last point there were two questions. One is that there is a legal restriction on setting them up in London. That by definition would limit to some extent the examination of first tier – the statutory basis on which parish and town councils are set – it would limit the examination of that as a legitimate route through which concerned citizens,

voters, community organisations might look at it. However, even though it restricts it so much, there has been for a few years now an organisation in Deptford which has considered the idea of wanting to go down the route of what it calls community councils. They wanted to set up a model which was a democratically elected, statutory-based local council.

I do not want to in a sense get into this question of the Mayor's wedges or not, because it is not a matter for the NALC. The NALC sees the *raison d'être* and the need for community governance, democratically elected community governance, as set down by statute, whether or not London has 33 boroughs and a Mayor, or whether or not it has five wedges and a Mayor, or whether or not it has dictatorship from Westminster. In essence, it is irrelevant to the question of the need for community governance in London.

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):**

Several points. The biggest single problem in politics today is not elected member to public relationships. The biggest single problem is member to officer relationships within all tiers of authority. In Milton Keynes we have 6,000 officers and 51 members and the very nature of local government is that officers think they run it; that is the nature of the game because there are so many of them because they are reporting to chief executives and there are 51 members. I have it in my own parish council where I have seven officers and I had to rocket someone yesterday because they had not bothered to tell me something that I needed to know and I fell flat on my face with it.

That is the issue, not the relationship between us and our public, if you like. Our public actually want us. Our public want people they can relate to and trust. I think with local government, we all know how difficult it is in all parties to find people to stand in election. We are scraping around to fill paperless seats, but the beauty of first-tier governance is that you are training people who care about the little step, the four streets in which they live. Then they learn that there is another move and they can go onto the ward. They learn about how principal authorities work, where money comes from. It is such a necessary training ground if we are to have sensible democratic government live in this country. I believe absolutely passionately in parish councils. I am a parish councillor, I think, almost before I am a principal councillor. I will probably get into trouble for that next week but never mind, I am in trouble all the time anyway. I believe passionately because it is so close and to feel that perhaps there is not a need for it in London is wrong.

There are so many hidden issues. We are looking at setting up credit unions in one of our deprived wards – and do not think that Milton Keynes is a leafy city. We have huge regeneration issues, huge issues of deprivation, of health issues, and that is where the first tier gathers the information, researches it, talks to people, brings it forward.

**Councillor Merrick Cockell (ALG):** You said – if I understood you correctly – that the reason there is not this cry for a new tier in London is because we are not allowed to have a new tier and therefore that sort of suppresses the

argument. My view on politics is that people do not look to see the statute, whether they are prevented from doing something, if there is a real call for it. My ward – for those of you who know inner London – runs from Chelsea football ground, halfway up King's Road to just beyond Chelsea Old Town Hall, and it goes between Fulham Road and King's Road, and there are three of us representing that area. It is literally streets; it is half a mile long and less than a quarter of a mile wide. I realise that in the outer boroughs there are different sizes, but in practical terms I do not know how much smaller you could go unless we had street committees *à la* Cultural Revolution or something like that. In inner London I cannot quite see the scale and how it would operate in practical terms. Does anyone else want to deal with the underlying need that residents have for this missing element in London's governance?

**Caroline Godfrey (Parish Liaison Manager, Milton Keynes Council):** I think your question is very difficult for us to actually answer. We do not know whether you need it. There is a way of testing whether there can be a benefit to local people and that is by creating quasi-parish councils in pilot areas. In Milton Keynes we called them neighbourhood councils. We set them up for a good eight years before we actually parished the whole of the borough and they were mostly in urban areas because traditionally most parish councils were in rural areas. We set them up, gave them a budget, had elections, and to all intents and purposes they were treated as though they were parished areas. We set up protocols and so on and they did prove their worth. We continued them through the Boundary Commission's legislation to actually parish those areas. I think actually it can be costly. You talked about all these tiers: you can find that quite a burden on the end tax payer. They have to support all these different tiers so that is a down side.

**Councillor Merrick Cockell (ALG):** Can I just follow up quickly? You talk about 'parishing'. Most of us think of parishes as being originally religious, but when you parished Milton Keynes, are they uniform sizes?

**Caroline Godfrey (Parish Liaison Manager, Milton Keynes Council):** With Milton Keynes most of it was new, a new city, but it did actually encompass lots of existing parished areas and old towns in its borough boundary. We did follow traditional lines, rivers, other sorts of boundaries that were natural boundaries. We have had to change it over the years because the growth in Milton Keynes is so significant that we are now having to actually cut up a couple of our parishes which is causing some problems. We do try to have our parishes wherever possible within warded areas so that the same ward councillor may be the ward councillor for two or three parishes, or three or four parishes, something like that, or 11 or 13. We have one ward councillor who has 13 parishes which is an enormous area, but is a rural area so numerically in population it is not too much of a burden, though geographically it is a huge area that this one councillor looks after. You have to look for what is your natural area. It worries me to hear of cutting London up like some sort of cake to make it fit the population. I do not think you will get the benefits of community involvement by doing that. I do not think you will get what your end-result needs.

**Tim Ricketts (Head of Legal Services, National Association of Local Councils):** Just to take the examples of parish and town councils a bit further, I forget where exactly, but there is a parish council that is in fact a housing estate. That particular area decided it wanted to represent itself to principal authorities; it wanted to take democratic process for itself and so that housing estate applied to be a parish council. Without wanting to usurp the question that you may ask about how you map the area, the process that exists outside of London is that you can delineate your own area by reference to a map when you make an application. You can decide for yourself what is your community. The people applying for the area to be a parish council decide what their own community is going to be.

**Councillor Hugh Malyan (Chair):** Does that includes crossing principal...

**Tim Ricketts (Head of Legal Services, National Association of Local Councils):** It is difficult because the way legislation is drafted, you have to make application to a principal authority, either to a district or to unitary. You cannot have a cross-boundary parish or town council as the regulations currently stand.

**Councillor Hugh Malyan (Chair):** Technically it is impossible? You could not apply to both at the same time to try to form one?

**Tim Ricketts (Head of Legal Services, National Association of Local Councils):** Legally you could not. You would be starting from scratch so perhaps you could.

**Valerie Shawcross (AM):** I am just trying to follow on Merrick's (Cockell) line of questioning really about looking at this model or these models that you are talking about and seeing if they would fit in London or seeing if they would be relevant. Can I look at it not from an administrative point of view but from a social point of view? You have talked warmly about the diversity in London, etc. Can I try you out on three issues and see if you think they would cause a problem or not. One, we talk a lot in London about the population churn problem. It is one of the bases that the ALG and other organisations make for needing more funding in London. I represent an area covering two boroughs which is about 450,000 people in Lambeth. The average turnover of population – people moving in or out or around within a year – is about 25%, in one year. In some areas it is much, much higher, a lot of people in bedsits. Unless you have lived in an area like that you have no idea how difficult life can be. How could you talk about a natural, political community in an area with such a high population churn? Could you make it make sense?

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):** I do. Although I have a parish council which goes back to the Domesday Book in some wards, I have an inner-city ward needing urban regeneration, we have massive problems of houses in multiple occupation (HMOs). We have huge ethnicity in our schools for an area like Milton Keynes – you would

perhaps expect that in London – and we have probably a 25-30% turnover in our middle schools. Still, the local people in that particular estate think parish council. They phone us up to tell us about new HMOs, they phone us up to say can we do something, they phone us up when there is rubbish dumped outside. They think parish council first and then expect us to go onto the unitary authority. It has just happened because we were there because we were visible.

**Valerie Shawcross (AM):** What you are suggesting there is that the parish councillors are becoming front-end service delivery rather than running an organisation that provides good services, if you see what I mean. That means that the parish councillor is not a political person but a sort of quasi-service delivery, administrative person.

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):** We have a wide range of political parties in our council but we keep it fairly apolitical and that model works for us. We pick up on new things that the unitary authority cannot perhaps do. We have an ability to do blue-sky thinking.

**Valerie Shawcross (AM):** I always find in our London communities, in as much as I am saying there are some areas where there are 40% of people moving in and out a year, there is also a group of people who are very much part of the area and I see them at the area forums and they are doing stuff. Do you think that leads to a situation where you get a kind of – I will not say a political underclass – a group of people who are active and represented in a parish, and a group of people who are ephemeral to the community and lose their sort of foothold in civic life because they cannot connect with such a small entity when they are moving in so quickly?

**Councillor Thomas Fraser (Campbell Park Parish Council and Training Officer for County Association for Parish Councils):** I do not think that is much of an issue. I have no doubt there are places in the country where it is an issue. We have rather the opposite: we had 14 parish councillors for 15-16,000 population – depending on which figure you use – and we found that people were creating action groups and saw a need for whatever – youth, disaffection. We simply increased the 14 to 20 and said come and join us. Apart from the three principal council ward members, it is actually down to 18 at the moment but we now have 18 parish councillors servicing the same body.

**Valerie Shawcross (AM):** Two other problems to see if it fits or not. Population growth: in London, the big issue is managing a growing population. It is enormously growing, by the size of Leeds in 10 years. It is absolutely booming, every little back garden being built on. There are huge planning conflicts, huge needs for infrastructure on a historic landscape. I see it everywhere I look: I see the noise, nuisance, all of that. Do you think a very local political entity like a parish could handle that degree of pressure on the civic, on the urban, on the population environment? I think what I am getting

at – so let us put it out on the table – is, would this be a recipe for ‘not in my back yard’ (Nimbyism)?

**Councillor Thomas Fraser (Campbell Park Parish Council and Training Officer for County Association for Parish Councils):** Nimbyism is going to exist anywhere.

**Valerie Shawcross (AM):** Yes, but are you empowering it? Population growth is happening to us.

**Councillor Thomas Fraser (Campbell Park Parish Council and Training Officer for County Association for Parish Councils):** Milton Keynes is about to grow by 71-72,000 houses.

**Valerie Shawcross (AM):** Yes, so how do you handle that within the parish system?

**Councillor Thomas Fraser (Campbell Park Parish Council and Training Officer for County Association for Parish Councils):** It is at the moment being handled reasonably well, considering the fact that you are taking perhaps 380 houses and you are going to add another 20; as a percentage, it is mammoth. In some cases 1,000 houses may in the end become 2,000 houses. In the rural areas – because Milton Keynes is not all an urban area and it does have perhaps too many villages round it – it is one of our big problems. We are working on that and it is working better perhaps than I thought it deserved to, the way it was sold.

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):** I think that is a woolly answer. We had a meeting yesterday with English Partnerships. The point I was going to make earlier is that if you have any influence with the Office of the Deputy Prime Minister (ODPM), tell him to lose the word ‘parish’: we are ‘local’ councils, and that is the word we want to be pressing. English Partnerships now admit and recognise that local councils can perform a very good role in getting local people together in looking at a plan. We have 3,500 houses going up in Campbell Park. We gathered the people together, we negotiated the best deal for the local people and for the partnership delivering the houses. Yes, it can work and does work.

**Tim Ricketts (Head of Legal Services, National Association of Local Councils):** I just wanted to say that the actual planning decision-making process vests in planning authorities, not in parish and town councils, and parish and town councils are able to take part in the consultation process. What actually happens is that the planning authority is able to get some direct evidence from the communities about which they are making planning decisions. Nimbyism may well come into it, but that may be a legitimate nimbyism, but at least the planning authority get to hear about it from that parish or town council so they feed into the process rather than actually make decisions about the process.

**Valerie Shawcross (AM):** There is a defensive character to some of the parishes in a sense. If you define a natural community, it is obviously going to want to try to keep itself.

**Tim Ricketts (Head of Legal Services, National Association of Local Councils):** Sometimes responses are bound to be defensive. That is the nature of the beast.

**Councillor James Lewis (Kippax and Methley Ward, Leeds City Council):** I think it is unfair to load all the issues of development and development control onto the first tier of local government. Obviously they are in terms of representing their local community, local advocates, going to have views and opinions on that, as are individual local residents. However, certainly in Yorkshire we have a system where planning is looked at by the first-tier council, some of them have supplementary planning guidance that they have passed through; then it is looked at by the principal authority, then at a sub-regional level, then at a regional level, then with the Deputy Prime Minister's *Northern Way (Moving Forward: The Northern Way, 2004)* at a sort of multi-regional level. It is aggregating out which steps of the process are most appropriately dealt with at which levels. It may be that on, for example, the detail of design guidance, the detail of landscaping, the detail of those specific local elements, it is best that those issues are addressed at the local, first-tier council level, whereas obviously there are going to be bigger aspects that are looked at in terms of the principal authority, the unitary development panel and so on through the various regional structures. If that framework is there then the pressure should not be just on the individual local councils.

**Darren Johnson (AM):** Sorry, just to interrupt, would you negotiate on Section 106s with the local authority then for example, on a planning application? Is that one of your key roles?

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):** We would try to. We would try to influence the 106.

**Valerie Shawcross (AM):** That is helpful because basically what you are saying is that those interests are real so you may as well give them a political expression.

**Caroline Godfrey (Parish Liaison Manager, Milton Keynes Council):** Can I just add two more points there? You are touching on planning. When you have growth, you do need to advise the local communities on the boundaries of that growth. There are – Justin (Griggs) talked about them – area plans, village plans in small areas. You have to say, 'These are the boundaries. You are going to have development, so please give us some advice and your views on how that development needs to manifest itself.' It is no good going to a community and saying, 'Do you want development?' because they are going to say, 'No, bugger off.' The planning system is changing as we all know, and the statement of community involvement is going to have to demonstrate that you have community support for what you want to do, that

you have the views of the community. It is in your benefit to have mechanisms already set up to engage with that community. If it is there then it is actually easier for a planning authority to say, 'Okay, we have this statement and this is what we are going to do.'

**Valerie Shawcross (AM):** The same point your colleague was making: it gives you an institutional framework to operate within. Okay, let me try you out on the last one and then I shall stop. We have talked about growth, we have talked about churn. You talked about being able to deal with your own local problem by whacking up the precept by 96%.

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):** That was only a one-off.

**Valerie Shawcross (AM):** Let us get back to talking about what would fit and what would work in London. One of the characteristics we know about London is that it has within it the most extremes of poverty and wealth. We have global billionaires in London competing with people who are tenuously here and probably surviving illegally by working wherever. Although those people tend to live cheek by jowl in London, I suspect that because there is a geographical clustering, you would find that you had incredibly wealthy urban parishes and incredibly poor urban parishes. My fear would be that to use a really old fashioned word, we would lose the possibilities of some redistribution on some of these issues. You talked about a very specific example very relevant to London of community safety and fear and that your parish actually clubbed together to pay for an extra beat officer or something. That may well be something that you would want to do in the posh parts of Stockwell, but in some of the really bad council estate areas in Stockwell, you would want to buy a 20-man crack team that would deal with the crack houses and the guns. Do you think a parish would be in danger of intensifying some of those strengths and weaknesses of resource access within the communities?

**Councillor Thomas Fraser (Campbell Park Parish Council and Training Officer for County Association for Parish Councils):** I think in the case of London, it is probably more of a problem than it is in Milton Keynes for a couple of reasons perhaps. One, we do have a problem within a parish where in one of our parishes life expectancy is 14 years less in one part of the parish than it is in another.

**Valerie Shawcross (AM):** London is like that; it is a patchwork.

**Councillor Thomas Fraser (Campbell Park Parish Council and Training Officer for County Association for Parish Councils):** The questions of crack, yes, we have major problems in that regard. It happens in our parish which is probably the wealthiest parish because of the D, E, F, G, and Hs that we have in it, and it is in a deprived area where we are at the bottom of the scale across the whole of the United Kingdom in having a parent population who have no qualifications. I am not talking about they failed out on a



Master's or an Honour's; they did not even get a General Certificate of Secondary Education (GCSE) and they did not get any practical skills either. When you have that you have real problems, and the parish is the vehicle that is tackling that, not the principal council. The parish is picking that up on four of the larger parish councils. That is a real challenge, because (John) Prescott (Deputy Prime Minister) has asked us to reduce infant mortality, which is high in some parts of the borough, and premature deaths by 10% by 2011. That is an evolutionary thing, it is not revolutionary. We are tackling it as best we can. I think you have more defined areas with an expensive area – I should not use that because some of your council tenants are living in very expensive pieces of real estate – but you have areas of council accommodation and areas of very expensive accommodation. We tend to have a peppered arrangement where you can have a council tenant next door to the bank manager next door to someone who is private renting. I am not suggesting that you go down that route because I do not agree with it, but it is the vehicle that we have set up where you pepper everybody around. In truth, not in all areas but in most areas, you cannot tell from outside whether you are looking at a council house or a bought house. That is why I say you may have more of a problem because of the vertical infrastructure you have created where that body or that footprint on the map is a particular type of dwelling. We do not tend to have that.

**Caroline Godfrey (Parish Liaison Manager, Milton Keynes Council):** Can I just correct the councillor there: Milton Keynes Council actually is tackling its areas of deprivation.

**Councillor Hugh Malyan (Chair):** Can you, Michael (Green) or Tim (Ricketts), comment on the principle of Val's (Shawcross) point, not necessarily about the detail of what communities are actually doing, and in relation to London. In other words, what is your experience? Whilst at one level quite clearly you are never going to refuse the right of a particular area, parish council whatever to pay for a community warden, a police community support officer, whatever it is to help a particular community, how do we make sure that whilst that has got to be able to happen, communities have to be able to do that, we do not get to where Val (Shawcross) was alluding which was that we have all the community wardens in the more affluent and middle class areas, and the other areas left which have the much higher levels of crime without that level of support?

**Michael Green (Policy and Parliamentary Affairs Manager, National Association of Local Councils):** The problem is there is no correlation between that concern and the reality in the rest of England. Just because an area is affluent does not mean that it precepts high. It actually precepts proportionately less in some of the affluent areas because they do not see the need for the service. They want to concentrate on small things: Britain in Bloom perhaps sometimes, a little service here, little service there. If you look with regard to areas which have deprivational problems, they are the kind of areas where large increases in precept and let us put this on the table here, there is very unlikely to be any form of first-tier council that will precept at a level that will touch 5 or 10% of what the Mayor of London precepts in order to

allow him and associated levels of governance to function. As you will be aware, his precept or his level is – taking my borough as a classic example – probably at about 10% of the borough’s level at say D-level in terms of the council tax. You are not talking about adding a great burden in terms of taxation purposes, but in reality, when first-tier councils, town and parish councils, do raise their precept a significant level, it is invariably from the demand of communities that they face their own issues: they face their deprivation issues, they face their antisocial behaviour issues, they face their other related issues in which that particular body has an influence. It is also about context. The context is if you want to engage in governance with a redistribution bent about it – particularly at local level – then community-identified levels of governance like town and parish councils are probably not the most convenient forum in which to do it in. The most convenient forum in which to do it is national government; the next most convenient is your statutory local authority who can distribute in terms of resource allocation within its context. There is no relationship between the affluence of a first-tier area – outside London obviously – that exists at the moment and their level of precept.

**Murad Qureshi (AM):** I am still trying to get the value added, if you do not mind. I understand your passion about representing your constituents at both the parish and ward level and it is something I think I have as well, but I think we need some objective idea of whether we can measure that: whether the people you represent are more satisfied with the services as the result of being in a parish, or they go to more elections as a result of it. I think that would be useful to know for the officers. The other thing about London I have always seen, certainly living and growing up in central London, is that it has always been a series of urban villages with an identity kind of imposed upon it. It is that interaction that I find quite intriguing. For example, we have the world’s *nouveau riche* passing through all the time, whoever they may be at the time – at your end of town I think it is the Russians who are leaving their biggest mark. They do have a knock-on effect like house prices and what have you. I do not suspect that you have had to deal with those challenges, but I think what it makes for is a much, much more complex idea of what a community represents, I think, certainly in central London, in a way that you may not have to deal with in Milton Keynes.

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):**

I think we actually do. The parish I chair is one of the wealthiest parishes in Milton Keynes with a Domesday village in it, a flagship park and a ward of extremely affluent housing, but 80% of our yearly budget goes in one ward, the ward of greatest social deprivation. I agree with Michael (Green): when we put our precept up, it was the people in that one ward of greatest social deprivation who actually have the greatest community spirit. That ward has an over-the-top amount of HMOs, it has 12 ethnicities, it has schools with 33% ethnicity in them. We were actually asked to set up a soup kitchen by the chair of the Wider Africa Association. We have the whole range of problems that you have. I think the value-added we give is that local people, including our ethnic minorities and we work very closely with the REC and we

have set up a flagship project with the REC in which we have managed to bring about a great deal of community cohesion, not perhaps the thing you would think a parish council would do but the blue-sky thinking we can do when we put our mind to it. The value-added I think we bring is that we now have staff who are delivering greater levels of community safety and we have just been the subject of a Home Office study by Dr Lawrence Singer which proves we reduced crime by 10% against a rise in the city elsewhere. There is an Her Majesty's Stationery Office (HMSO) publication about this that actually proves this; the Home Office did the study and we can actually prove on paper the value-added we have brought and the value-added we have brought is a perception of greater safety, greater cleanliness, greater control over their own affairs, particularly in our most deprived area, is the thing I think that we have delivered.

**Justin Griggs (Head of Development, National Association of Local Councils):** On Murad's (Qureshi) question, it is an interesting one and it depends which side you are looking at it from in terms of added value. Isabella (Fraser) is quite right. 8,500 town and parish councils across England: that is a lot of communities, 80,000 councillors, that is a lot of people they are representing. We do not want to get drawn into local government finance and council tax issues, but not spending a great deal of money when you look at the rest of the investment that is going into wider local government. In terms of what is the added value of having community level governance, I really think it is that sense of belonging, local leadership, tackling local problems. It is that issue that there is this apathy to local government, apathy to politics; people are more disengaged from local government structures than they probably ever have been. One thing we are very proud of at the local level is that people do look to their parish council; they are very visible, it is their neighbourhood, it is the street they live in, it is their village, it is their town. The much larger geographical area that you start to broaden out to, people slowly start I think to lose their way within that.

I live in the London Borough of Greenwich. I do not really identify with Greenwich. I identify with my small neighbourhood and if we had a community council I would identify with that small area where people gather towards a number of services and facilities, but I do not really feel a sense of belonging to a broader London borough and I sense that is probably the view that a number of people share, probably across the country. I think people are much more in tune with local affairs, with their local community than they are with the administrative, service-delivery area of which people are providing schools, education, social services, collecting rubbish, providing leisure facilities and what have you. It is very immediate, it is in your face, and very much I think, your councillors are very accountable to you because you see them in the pub, you bump into them down in the local shop. It is very, very visible and I think that is the added value.

Towards your evidence base, if I can point you towards this guide we have recently produced with the Commission for Rural Communities, *Pointers to Good Practice: A Guide for Parish and Town Councils* (May 2005), there is a whole host of examples and case studies in there of practical benefits from

parish councils across the country, either by tapping into funding streams or working in partnership with principal authorities and the voluntary and community sector to give an added value to their community. They are not always doing that in isolation. You will appreciate that partnerships is the buzz word at the moment; there is very little we can do in isolation and on our own. Many parish councils are either working with each other or with principal authorities and the wider voluntary community and business sector to get a better deal for their communities.

Coming onto the second and third part, in terms of elections I think that turnout for parish council elections is slightly higher than it is for local government elections. Again, I think that is because people have that sense of belonging. They can see the notices that go up in their community and are more likely to turn out, also because it is very immediate to them. That interaction again does go to the very heart of community engagement and consultation. It is very easy for a parish council to consult with the community on a much smaller, defined neighbourhood than it is to deal with a quarter of a million people across a much broader area.

**Councillor Steve Hitchens (ALG):** I appreciate Michael Green's comments about the legislation being a barrier to the formation of councils in London, but I think there have been a number of experiments at a number of levels and some we are still experiencing now. I have been involved in a few of them. I was quite closely involved in the Tower Hamlets decentralisation, very closely involved with Islington's 24 neighbourhoods when there were only 20 wards which was an interesting experience, and more closely with some of the area committees that exist in Kingston and now again in Islington. At different times there have been different levels of representation. Some of them have included elections to elected members; some of the neighbourhood forums in Islington in the 1980s and early 1990s had elections. They have all had different range of powers. The present area committees we operate in Islington at the moment which are four area committees have a discretionary budget of approaching £100,000. They do all the planning applications. We are trying – within the framework of the existing law which is very difficult to do – licensing on an area committee basis. They do stuff around parking, environmental stuff. There is a lot of stuff that I do appreciate and understand needs that community focus, and we have all used the phrase at different times about taking the decisions to the communities rather than bringing the communities to the town hall. None of those committees meet in the town hall. Some of them have been successful and some of them have been abject failures. We are now dealing with New Deal boards that are elected by a small number of people, foundation hospital boards that are elected. We have had some of our Single Regeneration Budgets (SRBs) have gone the route of community involvement and those that have Arm's Length Management Organisations (ALMOs) have had tenant representatives elected to them on a regional basis. There is a lot of election, a lot of community involvement, a lot of opportunities in London, and I think we have done a lot of experiments about that. A lot of that is added stuff and some of them have been more successful than others.

I still have not heard convincingly the difference that a parish council can really make that a good ward councillor can and does make in some of our boroughs. We all have good councillors and some of us have some less good councillors and it must be very hard for Isabella (Fraser) – the message I am getting – for you to distinguish between being a parish councillor and a ward councillor if you are doing both at the same time, and I understand and appreciate that. I cannot quite grasp the big difference that a parish council can and does bring that has not been tried and is so distinctive. I do not think the legislation gets in the way and that is why I had that long introduction. The other point you made was funding, when I think you are saying in fact that you have fairly limited funding. That is my first question: can you be a little bit more specific about the difference you make?

**Councillor Thomas Fraser (Campbell Park Parish Council and Training Officer for County Association for Parish Councils):** I think there are disadvantages with parishes. I am not saying that parishes are a be all and end all.

**Councillor Steve Hitchins (ALG):** I am not criticising them; I want to know the answers.

**Councillor Thomas Fraser (Campbell Park Parish Council and Training Officer for County Association for Parish Councils):** There are heavy criticisms that have to be tackled at a level way, way up there in Westminster. I think simply giving Jo Public the right to come along and say, 'I want this guy to represent me'. Members of Milton Keynes Council, the principal council, have done an estimate of the value that is gained for an increase of £1 on the rates, and it works out in most cases between 70-80p worth of value is obtained by the constituency because of that increase of £1. I cannot imagine anyone clambering in through the front door of Milton Keynes Council to give them boxes of chocolates and boxes of biscuits to say thank you for what you have done in our community. In the case of the parishes, that is very, very common – sometimes a deputation, sometimes singly. You will walk in and there is a box of biscuits. 'Where did they come from?' 'Oh, so and so is very pleased we have managed to sort whatever out.'

It may well be that with a relatively small overall population where there are perhaps three of them looking after them they can do the job, and I am not saying it would be necessary for them to go down that route. It may be, and there may be advantages, but I think that choice should be made by the population, not by a principal council.

**Tim Ricketts (Head of Legal Services, National Association of Local Councils):** I think that it gives them independence. I think that a ward councillor with the best will in the world will sometimes have conflicts of interest. An elected community body will be able to have independence to represent that community.

**Councillor Steve Hitchins (ALG):** Is that the party system?

**Councillor Hugh Malyan (Chair):** Where is the conflict? Let us be quite explicit here.

**Tim Ricketts (Head of Legal Services, National Association of Local Councils):** The ward councillor will have pressures of being a ward councillor for a borough. A community council will be able to serve the interests of that community without any outside pressures at all.

**Darren Johnson (AM):** If you are on both, you might be free to act in the interests on a particular issue act in the interests of the community at the parish meeting, and then face the party whip at the borough meeting. How do you deal with that conflict of interest?

**Tim Ricketts (Head of Legal Services, National Association of Local Councils):** I think whenever you are looking at different tiers there are going to be cross-overs. People wear more than one hat and that is just part and parcel of local democracy. I think as a general rule, parish and town councils are able to offer an independence to that parish or town that would not otherwise exist.

**Michael Green (Policy and Parliamentary Affairs Manager, National Association of Local Councils):** That is regardless of political control.

**Councillor Steve Hitchins (ALG):** I want to pursue that line a little bit further. My second confession is that I think that parish councils in London are Liberal Democrat party policy. The last thing I want to do is confirm it. I am also 99% certain they were in Simon Hughes' (Liberal Democrat mayoral candidate) manifesto for the Mayor of London but we will not go into that either. Islington is on a similar size to Kensington & Chelsea and it would be a mistake for anyone to get into a competition about diversity with any part of London. Certainly we do have the rich living next door to the very deprived and one of my regular stories is the house that goes for right to buy, we have now sold six that cost £1 million and two of them have gone to people on housing benefit. That is the way it goes. There is that diversity in London which no one can beat. What I am concerned about is the change of communities because London changes quite fast and what was a coherent community and would be a community or parish council even 20 years ago has changed dramatically now. There was an enormous, very cohesive, very community-focused group of second generation Italians in Clerkenwell. There are a lot of them still there, but you can by no means say that is still the community. I am wondering what the mechanism is for adjusting how communities change, and they do change increasingly rapidly.

**Michael Green (Policy and Parliamentary Affairs Manager, National Association of Local Councils):** That is reflected, is it not, because the democratic element involved in having a first-tier council... It is about the democratic element. Regarding your example, though I do not want this example to go too far, does it matter in Clerkenwell that there is an Italian community in 1970 and in 2005 a different community? If they have at a community council level a democratic structure, that will be reflected in the

nature of the individuals who are elected to office as community representatives. The democratic institution, the council itself, will change proportionately with the community that changes within in. At the level we are talking about setting up first-tier councils in London, that change will be picked up and recognised and fed into the other organisations, agencies, etc., more quickly than it would be picked up, I would suggest, at a borough, ward level. That is the element you have to take on board. London of course is a fast-changing place but so is Leeds, so is Birmingham. The trick is to have ways of recognising it and democracy is perhaps the best way of seeing that change and seeing that drift and recognising what you need to do to adapt to make that transition easier.

**Councillor Steve Hitchins (ALG):** I do not think any of us are going to disagree with that. The two examples you picked and certainly I do not know as much about Birmingham and Leeds as I do about London, but the wards there are enormous. Birmingham's are huge and some of them are larger than the Westminster constituencies are they not? They are enormous.

**Councillor Hugh Malyan (Chair):** They are the biggest single unitary authority.

**Councillor Steve Hitchins (ALG):** As everyone always says, size is important in these matters. I think we have had the opportunity of with boundaries. No, we cannot determine our own ward sizes, but equally I think the lesson of the new ward boundaries for all of us in London is that you cannot define a community by lines on a map because people have friends across the road and different things like that. I think we do reflect our communities at elections. I do remain unconvinced and I think what I have not heard and the last thing I want to hear is about the clarity. One of the things we are struggling with in the Commission is that government in London is already full of obfuscation and lack of transparency and accountability. I think that one of the reasons we all feel we suffer from lower turnouts and lower take-ups of people wanting to be councillors is that either you do not feel you have an influence or nothing changes or what difference does it make. There is no doubt that if you get close to the community and you are a good ward councillor, your personal vote goes up, but I am not quite sure how much the turnout goes up. What would it improve in the clarity and transparency of government in London having parish councils?

**Councillor Hugh Malyan (Chair):** That is Tony Travers's (Director, Greater London Group) 'clutter of institutions' which he has already referred to as particularly pertinent to London, about not being clear about where anything goes.

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):** At the start I will say that this Liberal Democrat councillor is always in trouble as a rebel and does not really care what happens because I am a parish councillor first and a Liberal Democrat councillor second. I probably should not be, but it is the people I represent that I care about. Michael (Green) is

quite right and I think the thing you must bear in mind is that members of the public say they hate most the lack of democratic legitimacy. In Milton Keynes they look at the Strategic Partnership which is 60 people round a table, most of whom they have never heard of, the Milton Keynes Partnership which is going to deliver the growth, the Central Milton Keynes Partnership, the Transport Partnership, the Crime and Community Safety Partnership, which just bewilders them. They want a focus locally in their community that is elected and if they do not like what they are doing they kick them out next time around. That is the key; that is where you can deliver most. You can deliver hope that their vote counts, that their voice counts by understanding and clearing away all these partnerships. We have to fight for democratic legitimacy in this country. We have almost lost it and establishing a first tier is the mechanism to fight for it.

**Darren Johnson (AM):** Have you been able to clear up some of the clutter in Milton Keynes, get rid of some unnecessary local quangos or whatever?

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):** I have not been able to get rid of local quangos but what I have been able to do as a parish councillor is be a terrier and keep my teeth in until they do address the issues that affect my local people and I have had two victories this week.

**Councillor James Lewis (Kippax and Methley Ward, Leeds City Council):** I think one of the key things – I am a member of a principal authority but not a parish councillor – I think one of the key things about local councils, first-tier councils is the variety that exists between them in terms of their size, the budgets they have, the responsibilities they take on. I would imagine – I do not know London that well, but I would guess that Islington is very different from Croydon in terms of the social make up and in terms of the issues.

**Councillor Steve Hitchins (ALG):** Croydon is in Surrey.

**Councillor James Lewis (Kippax and Methley Ward, Leeds City Council):** You have automatically highlighted...

**Councillor Steve Hitchins (ALG):** Of course we do, that is the strength. Local government is very diverse, everywhere.

**Councillor James Lewis (Kippax and Methley Ward, Leeds City Council):** However, at the end of the day, the responsibilities that Leeds City Council has, the statutory responsibilities that Leeds City Council has – obviously there are one or two institutional differences – are probably very, very similar to the responsibilities that Islington Borough Council has, that Kensington & Chelsea has across a whole range of things. Parish councils can be much more reflective of their own communities. It could be that some communities want to take on a huge amount of responsibility, as Isabella (Fraser) has identified, but it could be that some parish councils want to enter the local In Bloom competition and keep the war memorial tidy. It might be that in some



areas they actually want to deliver services, it might be in some areas they want to be some lobby groups and there are some good examples of parish councils in Leeds acting as a lobby in terms of major infrastructure projects affecting their communities. It might be that in some of the larger towns that fall within the Leeds district they want to become closer to the principal authority in terms of the level of service they deliver. Saying it is going to be one size fits all, they are all going to be exactly the same size, they are all going to take on exactly the same services I think is maybe not quite looking at the issue in terms of the diversity that can exist within local first-tier councils.

**Councillor Hugh Malyan (Chair):** I have a couple of points that I have picked up throughout the whole meeting that I would like to return to and if we could use that as a bit of a wind-up that would be fantastic. One point I wanted to get off my chest, James (Lewis), you talked about the Boundary Commission and how it operates with setting up parish and urban councils and not doing it on a numerical basis. I think the predominance of your point is true, but the Boundary Commission does take into account cultural factors and geographical factors in terms of ward boundaries at the unitary level as well, and we have plenty of evidence of them taking into account cultural factors that have been put forward by the community when boundary changes are coming around. Your point is predominantly made, but wards are not completely excluded from that either.

We have not touched specifically – although it is a fairly straightforward point – on the capital costs of set up. We have sort of had a go at the revenue cost through setting the precept, but is it worth the candle in terms of capital set ups with buildings, whatever ultimately are needed? Isabella (Fraser) made the relevant point about some of the advantages of being both a parish and a principal authority councillor, and I paraphrase roughly the ability to get at officers at the principal authority level, which left me with the worrying thought about the frustrations that may well be faced by those on parish or town councils who are not then members of a principal authority. That is back to the frustrations that I picked up in my interviews going round the country, almost universally picked up that. If someone could have a go at addressing that.

Finally, we sort of hedged around this point with London because we have not had these parish or urban parish councils, the cultural differences between London and elsewhere that has them. Possibly we have not quite got round to saying that because we have not had them, we have actually grown over the years and past generations have got used to covering at least some elements of both of these different roles that you have been talking about. Although some councillors may do it very poorly and some may do it very well, clearly London councillors almost accept immediately they have a split role. They do something at the town hall and if it is part of a majority group it is very well defined because you are part of a corporate group, to a lesser extent but still important with an opposition group, but also 50% of them is that representative councillor back at the ward and doing the issues. Merrick

(Cockell) made the point that particularly for some it can be a very small ward – though the numbers are still reasonable, a very small geographical area.

Let us not have two conversations in different rooms, if you bear with me, because London councillors are doing some of that. We are back to the point of the existence of area committees – that they are poor in some areas has been brought up; other councils have far more of them that are much more robust in what they do and actually pretty well established over many years; there is a great variety of practice going on there. We are back to that final point that if London councillors are already used to doing that dual role, what is the additional benefit, the value added, that a completely new system – bearing in mind the capital cost, one or two of the other points made – what is the benefit to London of saying, ‘Let us go and do it; lock, stock and barrel we will go for this new first tier of government’?

**Caroline Godfrey (Parish Liaison Manager, Milton Keynes Council):**

There were a number of questions in that one. I will try to answer your one about how non dual-hatted members engage with the principal authorities, and that is really through setting up agreements, protocols with the tiers about who is going to do what and how you are going to have your relationship. Part of the reason is that we have an officer team at the principal authority. Across the country when I have talked to other parish councils who say they do not have any link, they do find it frustrating at times; they feel their views are not taken on board by principal authorities. Having a team that actually coordinates that relationship is useful in my view.

On elections, you have to remember that while a lot of parish councils are elected, it is not actually legislative. They do not have to be elected if there are not many people coming forward for election, parish councils can be co-opted. There is a legitimacy issue there on the democratic role. Your point about the possible clashes; where you have a number of different parish councils, all autonomous bodies, as a principal authority it can be very, very difficult to implement some of your policies borough-wide, because you do need buy-in from all these different levels. You have to also take into account that you may have a different administration at one level, and the opposition sitting in another level and that can cause you additional conflict as well. Essentially, you have to have that commitment to work together through these, otherwise you set up more problems than you can solve by actually having the parish levels there. You have to have that commitment all the way through and you have to have people – individual characters can cause a really good relationship or not; it can be down to the dynamics of people moving on through the political spectrum. You can have people who were parish councillors and become principal authority councillors and they were the hub of that community; they were the beating heart. They move on and suddenly it can be left. There is a problem there as well.

**Councillor Hugh Malyan (Chair):** Capital costs: is it worth the candle?

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):**

Yes, it is worth the candle. To go from one clerk and a part-timer doing very little but looking at plans and such, in capital it probably cost us about £100,000. We did have reserves so much of it came out of that. That was setting up an office, interviewing and taking on staff, getting vehicles and such. Our wage bill now is about £200-220,000 per year and I think it is worth every penny. The one thing we have not mentioned around this table that does make it worthwhile and I am surprised my colleagues have not mentioned it is the drive towards Quality Council Status. The training of parish councillors – and NALC is working extremely hard at that. If local councils achieve Quality Status, they can have individual agreements with principal authorities where further work can be devolved down to them, which can often take the strain off principal authorities and get a lot of front-line services delivered closer to the community, and that is an added benefit. That quality of council because you have a qualified clerk, chief officer, you have councillors doing the relevant courses, that gives a better quality of government. I think that striving for Quality Council Status, particularly in some of the problems you have expressed, would be an added benefit that I do not think you can put a price on.

**Darren Johnson (AM):** It is an alternative to contracting out services but with more local legitimacy?

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):** Yes, it is devolved down.

**Caroline Godfrey (Parish Liaison Manager, Milton Keynes Council):** Provided you avoid double taxation; we will not go into that one here. It is quite a tricky one.

**Councillor Thomas Fraser (Campbell Park Parish Council and Training Officer for County Association for Parish Councils):** There is a cost implication here. If you have hired help in a principal council, the government gives you 75% in round figures with the Standard Spending Assessment (SSA). In the case of the parish, if it is 20% is an employer's contribution to the pension of an employee, then it is 20%. Until SSA is reintroduced – I put my hands up; it was my party that got rid of the thing in the first place – to parishes, that has been a problem in the past and has been a great concern to parishes, the fact that it costs far more to employ someone. When you then talk in terms of can we rent hire from principal councils, not terribly successfully I am afraid.

**Councillor Steve Hitchins (ALG):** Can I just go back to the point you are making? You make it sound as though a principal local authority can decide to spend some money and then immediately gets 80% of that funding from central Government. It is not quite like that. We have a budget. It would be nice; shall we make that a recommendation?

**Michael Green (Policy and Parliamentary Affairs Manager, National Association of Local Councils):** At the start of this meeting, you indicated

there was a coincidence between the political imperative that has come from Westminster on the issue of London parishing, and your own democratic Commission. That in a sense is good; that is very welcome from the National Association. However, what we need to point out is that the ODPM clearly takes seriously the role parishes can play across the spectrum in terms of governance in the way in 1997 it set up the arrangements for the setting up of parishes and the way it is now about to review them to make them easier. It accepts that in its contribution to the policy development that manifests itself as an election commitment to remove the legal barrier to parishes in London and in its bringing in a form of allowance system, which is not the same as the one at principal authority level but is a form of allowance system within the first-tier system. Other departments of state like the Department for the Environment, Food and Rural Affairs (Defra) and now parts of the ODPM have seemed to recognise the value of parish councils through the Quality Parish Scheme, through the National Training Strategy, through a series of capacity building policies which assist the sector and its relationship with its constituents, with principal authorities, with regional bodies, and it manifests itself again because there is serious consideration given to the views of the National Association in terms of government issues. It shows where the Home Office sees us as a relevant part of local government in support of antisocial behaviour, in terms of being on the ground and able to contribute to that particular issue. It manifests itself in the Department for Culture, Media and Sport (DCMS) who involve themselves with some individual parish councils on playing fields issues and associated issues. The Local Government Association (LGA) accepts us as a full partner and in terms of the context of local government. The Audit Commission see us as a serious player and that is why they have set up the lighter touch audit regime to ensure that. The Standards Board for England sees the sector as a major player because it has brought in a code of conduct to reflect it. All these organisations understand the nature of the first tier and for want of a better expression its added value and its other value as a democratic institution. The ALG and the GLA I hope are about to join us.

**Justin Griggs (Head of Development, National Association of Local Councils):** I just want to go back to what Steve (Hitchins) was saying about the cost of having community governance. I would only draw colleagues' attention to the fact that there are over 150 new parish councils that have been created since 1997. You have seen copies of the Joseph Rowntree Report (*New Parish and Town Councils in Urban Areas*, 2003) into new parish councils and some of the issues that came out of that. When you look at the cost of having a parish council, that is 150 councils that said for whatever reason, 'We want independence, democratic legitimacy and we are happy to pay for that. Where service providers, enablers, other stake holders are not perhaps giving us the best deal that we want, let us take a bit of ownership, a bit of a sense of local control and let us precept amongst ourselves, the community that wants the parish council in the first place, and let us fill those gaps, let us tackle those problems of community safety, let us look at regenerating our village-hall community facilities, let us look at the grants we can give out to other community associations.' They are already doing that

but appreciating that yes, there is a cost to it, but we see a massive benefit in doing so and investing our own money into our own community.

**Councillor Steve Hitchins (ALG):** Just for the record, Chair, I am not saying that democracy has to be costed. I was not inferring that. It was a piece of factual information about how much it did cost, so that we can put that into the equation. I do not think that anyone wants to put a price on democracy.

**Councillor Isabella Fraser (Campbell Park Parish Council, Milton Keynes Council and Chair, Milton Keynes Association of Urban Local Councils):** Can I issue an invitation? Any one of the members of this committee who want to see how a big parish council works, and one I think works well, if you have the time, please come and visit us. We will show you round, we will show you what we do and what it costs.

**Valerie Shawcross (AM):** You should come and see the London Assembly. I think you would find it is not terribly different sometimes.

**Councillor Hugh Malyan (Chair):** Thank you very much for sparing your time. As a Commission we are very grateful for you coming in and giving us your time and perspective.

**20 June 2005**

## **Commission on London Governance: Thirteenth Hearing**

### **Evidentiary Hearing on Learning and Skills Councils**

The Commission held an informal panel session on Learning and Skills Councils to examine the impact of current London governance arrangements on their ability to deliver an appropriate service in the Capital. The Commission heard from the following panel members:

- Ros Dunn, Director of Strategy & Corporate Planning, London Development Agency, (LDA representative on LSC London North Council)
- Maxine Jones, Director of the LDA's Skills and Employment division
- Jacqui Henderson, Regional Director London, LSC London Central
- Peter Pledger, Executive Director of London West
- John Wise, Former Executive Officer at Corporation of London

#### **Present:**

London Assembly

Association of London Government

Cllr Hugh Malyan (Chair, chaired the hearing)

Cllr Cameron Geddes

Graham Tope (AM)

Valerie Shawcross (AM)

### **Transcript**

**Councillor Hugh Malyan (Chair):** Welcome to the Commission on London Governance. I am sure you have been given a little background on us so I will not give you all the details and history of the Commission. This is our 13<sup>th</sup> evidence hearing. I hope it will not be unlucky and that no one is superstitious. We have heard from a wide range of people across the whole spectrum of politics and outside direct politics as well, looking at London governance issues. We were very keen to have an evidence hearing on the Learning and Skills Councils (LSCs) and age-14-onwards education provision. Thank you very much to everyone who has come in today to talk to us. Jacqui (Henderson, Regional Director, London, Learning and Skills Council), please would you give us a couple of minutes' worth of opening context, and then we will come in with questions from there.

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** The LSC was set up in April 2001, so we have been going four years and almost a quarter. It brought together and extended the remit of the Further Education Funding Council (FEFC) which was predominantly about funding colleges and the Training and Enterprise Councils (TECs) that had a

wider remit, particularly in relation to work-related learning and support with businesses. Our key role is as a strategic player in terms of funding post-16 education and training, and raising the quality of that provision, and making sure that it meets the needs of the communities within which we operate. Although it is a national organisation and therefore we have a national framework, it is very much rooted at a local level. In London we have five local LSCs and their boundaries are coterminous with the Mayor's strategic sub-regional boundaries. Each of the local LSCs has a local council made up of leading representatives from the voluntary sector, local authorities, business, trade unions, and from the education and training sector itself: colleges, schools, local education authorities and so on.

We fund all further education provision across London. We fund school sixth forms across London, local authority adult and community provision, work-related learning – particularly the Apprenticeship programme, and basic skills and English for Speakers of Other Languages (ESOL), as well as working with employers through our workforce development budget. We contract with Business Link for London and we work as part of a partnership, particularly with the London Development Agency (LDA) and other key players in London through the London Skills Commission. We do not directly deliver any services ourselves, so all of our funding with the exception of that for staffing is either contracted or grant aided out in terms of delivery.

We believe that we have had an impact in London and certainly there have been significant improvements to both young people and adults staying on in education and in achieving qualifications. In terms of basic skills, we funded over 124,000 adults in the last three or so years to achieve basic skills: first of all to have the learning experience, but secondly to achieve a qualification that will help them to progress. The achievement and staying-on rates in education and training have improved by 10% over the time that the LSC has been operating and we have managed and distributed about £250 million of European Social Fund (ESF) money through the co-financing over the last three years, clearly targeted at local communities.

Our delivery is at borough-level, it is at the sub-regional partnership level, and in the last year to acknowledge the movement of a more regional direction, I was appointed as Regional Director last January and this helps us to look across the boundaries. Those people who travel to learn and work in London do not recognise the boundaries – they go to where the education and training and where the jobs are. This more regional approach helps us to work more closely with our regional colleagues and to ensure we have a regional strategic overview in terms of the economic improvement and the social requirements of the communities within which we live and serve. That is a brief summary of where we are. I am sure there will be lots more questions and more to say.

**Councillor Hugh Malyan (Chair):** Thank you very much. You talked there about your belief that the LSCs have made a definite impact and you talked about the 10% improvement in achievement and staying-on rates. That is very practical and meaningful in terms of improvement. Is it the big vision

increase, the change, the vision that particularly David Blunkett (former Secretary of State for Education and Employment) and the Government had when the LSCs first came in five years ago? We got rid of the TECs and FEFC. Is it achieving what was hoped for at the time, big-picture style?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** Yes, I think on the big-picture side it is. The introduction of LSCs through the national and local delivery was to deliver a coherent strategy so that we did not have a mishmash of different delivery priorities and different standards. The LSC has certainly achieved a much more coherent approach. In terms of quality, we work to national standards of quality. It is not each LSC determining its own standards; we work to national standards through the Office for Standards in Education (Ofsted) and the Adult Learning Inspectorate (ALI). It has delivered a cohesion and it has delivered higher quality. Certainly the performance of London colleges is at much higher levels of banding in terms of grades 1, 2 and 3 of delivery. We are being much more responsive to the communities as a whole: to our boroughs, to our sub-regions and to the region.

**Peter Pledger (Executive Director, London West Learning and Skills Council):** My name is Peter Pledger and I am the Executive Director for London West LSC. I work to Jacqui (Henderson) looking after one part of London. The message is the same across the whole of London. Your question was about the big picture. When David Blunkett launched the LSC with the Learning and Skills Act in 2000, two of the scandals that he mentioned at time were the fact that in many parts of country there were thousands of adults who could not read and were innumerate. In many parts of London, one in five adults had a reading age of less than 11 which meant that they could read the *Sun* but not read the *Guardian*. We have managed to tackle that and as Jacqui (Henderson) said, our target was that 124,000 adults would acquire numeracy and literacy standards that were acceptable nationally. In fact, we achieved 149,000 against that target. On the big picture that was one great achievement. The second and final example on this is that David Blunkett also pointed to the scandal of the 16-18 year olds who were not engaged in education, training or employment. At the time, there was a national target set that by 2004, 80% of 16-18 year olds would be engaged in learning. In London we have achieved 85%.

**Councillor Hugh Malyan (Chair):** Obviously you are involved in a really wide range, with a batch of partners. The number of partnerships that the LSC is involved in at whatever level – national, regional, local – is almost overwhelming. How are you coping with that?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** I think we cope exceedingly well. It does at first glance seem overwhelming and at times I have to tell you it feels a bit overwhelming. However, at a national level, the national council and I am part of the national management team, we have relationships with the Department for Education and Skills (DfES), Department of Trade and Industry (DTI), Department for Work and Pensions (DWP), so the big Government departments as well as



organisations that are represented at a regional level. Regionally, through the Regional Director's Office, we deal at a regional level with the Regional Development Agency (RDA), with Jobcentre Plus. With Jobcentre Plus at a regional level we have agreed a protocol for the way we would work together, but I think very importantly at a local level, each local LSC and district Jobcentre Plus have drawn up a joint action plan for the next financial year, for the one we are in now really, to make sure that we operate effectively. The nearer you come to delivery, the numbers of partnerships that Peter (Pledger) and the other executive directors would need to deal with are considerable. However, we work through local strategic partnerships where we are involved with the local authorities. We have with the local authorities set up 14-19 forums or strategy groups. There is one in each borough in London which we jointly chair and work with. We work with the trade unions and we are very supportive of the trade unions learning representatives; there is a relationship there and with the voluntary sector.

At a regional level, the Association of London Government (ALG) meets with the regional board – the five LSC directors and myself – on a quarterly basis. We seek to make contact at that level. At a local level, each executive director will meet with the chief executives of local authorities and work very closely with local authorities. The biggest group is voluntary-sector organisations which we seek to engage with on a local level and regionally. Through our strategic area review which we have undertaken up to March 2004, the level of consultation and engagement I would say is unprecedented in any kind of organisation or development that anyone has been asked to do.

**Peter Pledger (Executive Director, London West Learning and Skills Council):** Indeed. Yes, Chair, you are absolutely right that there is a myriad of partnerships and organisations we need to work with. It will always have to be that way because London is a complicated city and the challenge is immense. Therefore, part of our role is to make sure that we do engage – and clearly we do – with local authorities and partners. The Strategic Area Review (StAR) is one of the best examples of how that worked. Some two years ago now we set out on a task to try to review all post-16 provision that we funded to see whether or not it was fit for purpose; whether or not it met the needs of individuals, communities and employers; and whether or not changes needed to be made. In that period we did not stand still, we did not have a period of planning blight whilst we were looking at the situation. Therefore, across London a number of changes have been made to post-16 provision. New institutions have been opened, other institutions have been changed and new collaborative arrangements have been established. This has not been done to local communities, but this has been led by our partners in all the local authorities with ourselves, with Jobcentre Plus, with the LDA and with other partners. It has not just been done on the basis of what we thought was a good idea, but more importantly on the basis of a very clear analysis of what was required looking at population, educational attainment, educational achievement. All the data that we researched we have published and made available and will be available to this committee if you wish, Chair.

**Councillor Hugh Malyan (Chair):** Thank you very much. Before I bring in colleagues, would any of the partner organisations like to comment on the partnership relationships with the LSCs?

**Maxine Jones (Director, London Development Agency's Skills and Employment Division):** Indeed. Certainly we operate in the LDA with the LSCs both on regional and local council level. With the regional skills partnership which in London is called the London Skills Commission, the LDA and the LSCs are working together within the constraints of the current framework to identify the way in which we can make our various funding streams more geared towards what we need in London and towards the aspirations of skills strategy in making provision more demand-led, i.e. making it more fit to the needs of employers in London and to individuals. A lot of work goes on at a regional level to look at ways of doing this and ways in which we can work smarter. We also work with the LSCs in each of the five sub-regions, and colleagues will be working together within local strategic partnerships. Where there are embryonic local area agreements, there is some collaborative working there as well. There is also a myriad of other regional bodies that many of us sit on in terms of higher education where the LSC and the LDA are represented, the 14-19 agenda and a variety of others. Quite often we are interfacing on particular parts of the agenda whilst also coming together to try to streamline some of the strategic activity.

**John Wise (Former Executive Officer, Fourteen Plus, Corporation of London Education Service):** My impression of the LSC is that it is an evolving organisation. It is like the rest of the sector. Some of the relationships between national and local offices are undergoing change consistently. From my perspective having worked from the local government end, the activity at local level is very strong – at the borough level, the 14-19 forums and so on. Where I think I have had more difficulty in developing it – and perhaps Jacqui (Henderson) will want to say something about how the impact of a Regional Director will come into this – is in where we have a memorandum of collaboration with the ALG and actually moving that forward as fast as the parties would like. I think that is a feature on both sides but I think we also have to recognise that in education and training, London has other high priorities in terms of schools and particularly at the moment in terms of the reorganisation of local government, which means that perhaps post-16 is not figuring as strongly as it might do. However, I would like to see that memorandum of collaboration being moved forward rather more. A question I have for both Jacqui (Henderson) and Peter (Pledger) is having sat on the body that looked at the StAR, it came out with half a dozen very important pan-London issues. Quite how those are going to be carried forwards is an interesting issue in terms of, for example, getting a consistent approach to special educational needs provision, or education and training for adults – how those can regionally be carried forward. Maybe, Jacqui (Henderson), that is how the Regional Director is going to work?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** I am happy to answer. The regional ones will be taken forward because we are already working on a strategy for learners with learning

difficulties and disabilities. As to how we would do that on a regional basis – to be more effective and more efficient. There is already a common approach across all LSCs as to how we deal with this, but emerging is a greater clarity on some things regionally. We have a regional approach – though it is delivered locally – on adult information and guidance. Many of our regional strategies are in fact delivered at a local level. It is very much a case of emphasis at a local level. I agree with you about the ALG. We are seeking to work closely and clearly we are supportive of the schools agenda through the work we do with school sixth forms and more importantly, I think, in the new agenda the work we are doing with 14-16 where many young people from schools are in further education colleges for part of their time following vocational courses and so on.

**Ros Dunn (Director of Strategy and Corporate Planning, London Development Agency):** I wonder if I might say something in response to Jacqui's (Henderson) earlier point and it is to try to give a sense of perspective. I would like to draw your attention to some statistics about relative performance that I think should be a cause for concern for us in London. To take three indicators, if you look at the percentage of the population of working age with qualifications at degree level or equivalent, whilst in every region of the United Kingdom this proportion is going up, it is not going up quite as fast in London as it is anywhere else. I think that should be of some concern to us given the demands in the London economy for high-level skills. If you look at the proportion of the population with five General Certificates of Secondary Education (GCSEs) at grades A-C, there are two regions in the country where the proportion of the population of working age actually have that going down, and London is one of those. If you look at the number of people with no qualifications in the workforce, again we have the lowest improvement over a seven-year period. On three fairly key indicators of academic success and whether we are improving the skills in the London population, we are not doing as well as other English regions. I think that should be a cause of some concern to us.

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** Can I just add to that? It is right that the percentage increase is lower in London than other regions, but we have by far the greatest percentage of people of working age that have a degree or equivalent than any other region in the country. We are already at a much higher percentage than other regions. The issue about five A-C GCSEs is a school issue and I think that some of our priorities for our funding are to tackle a legacy of under-achievement up to age 16. If I give an example, it is often quoted that black and minority ethnic (BME) students do not do well in London schools. An average of 72% of all of our post-16 and further education students come from a BME background and certainly the success rates and achievement rates for young people are going up in further education.

The points that Ros (Dunn) raises are very pertinent points to London and I think this is one of the reasons that we are very careful when comparisons are made against other regions for what is happening in London. We need always to make the point that in London this is the first year that the average

of GCSE rates is 52%. Just a few years ago, the average was 36% of all 16 year olds leaving school having five A-C GCSEs. The numbers cumulatively of both young people and adults who need help in basic skills, literacy, numeracy and in achieving their first level 2 qualification – which is the minimum that employers would regard as employability – are an absolute priority for us because somebody cannot achieve a level 3 or indeed a level 4 qualification unless they have both the skills and importantly a piece of paper that validates those skills to help them to progress. Ros (Dunn) is absolutely right that for London as a whole these statistics are extremely worrying.

**Valerie Shawcross (AM):** Can I just go into that a bit more. I think in your opening comments you said something about LSC nationally trying to see its way through a mishmash, trying to get some consistency across the country in quality and delivery. You have also just described with some clarity how London is very different. You talked about the higher levels of higher education here. I know that, because lots of refugees from Rochdale like myself come to London to find jobs and that is the nature of the national job market as well as the international job market. Do you think London is special enough to actually require particular targets and performance measures? Should we be trying to get LSC-type activity in London freed from your national framework? Is London different enough?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** My view is that the priorities for the LSC nationally are absolutely in tune with the priorities for London. It is getting more young people to stay on in education, more young people to get five A-C GCSEs or a level 2 vocational qualification as an absolute minimum, and to encourage and facilitate as many young people as possible to get A-levels and level 3 qualifications. The change to the apprenticeship system is such that we are facilitating more young people to go into higher education via a vocational route. That is a top priority for the LSC. The next one relates to basic skills.

**Valerie Shawcross (AM):** Basically, you are saying that the targets are absolutely right for London too?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** I am saying that those targets are very pertinent to London, yes.

**Valerie Shawcross (AM):** Okay, going on into the detail of the programmes you are funding and what you are trying to achieve and how you are trying to achieve it, let us think of one area where London is observably different: we have a huge, mixed BME community; we have fresh arriviers all the time. London functions as an assimilation point for people from all over the world into the British, European and global economies. This is a very different place for which you are providing. What is your broad programme to deal with the diversity of London and how do you do it?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** I am going to bring in Peter (Pledger) in just a minute. Since our broad programme is to respond to the needs of the community and the

community in London is very diverse and we are responding at a local level to the high levels of representation of diverse communities; that is our starting point. In terms of dealing with people who come into London from other countries, London delivers and has the budget for 47% of the national budget for ESOL. We invest considerable amounts of money in seeking as you say to help and support those coming into London or into London as their first access point into the UK. We have also invested quite heavily with the London School of Economics (LSE) over the last three years in a project looking at qualifications that asylum seekers and refugees already have to see how we can translate these and offer top-up provision in terms of moving into having equivalents for English qualifications to help them to move on. We fund massive sums of money through colleges that all the time are dealing with a very diverse population coming forward through colleges, and the same with work-based learning and adult community. I would say that the bulk of our prioritising and our focus is through the £850 million that is going through further education colleges.

**Peter Pledger (Executive Director, London West Learning and Skills Council):** We would not suggest that the targets that apply to every other region in the country should be in any way diluted for London because London has particular challenges and difficulties because of its population and because of its size. We want to hit that standard and to exceed that standard. I am quite pleased with the figures that Ros (Dunn) outlined because they show that despite the difficulties you suggested, Member Shawcross, it is very clear that London is punching above its weight and making sure that we are hitting those targets.

You are right that there are some particular needs in London that need to be addressed. You are correct that London is an entry point and as Jacqui (Henderson) said, 47% of ESOL money is spent in London. This does also mean that our colleges and our sixth forms and our workplace-learning providers have to be attuned to the particular needs of those communities. To help them, we have managed to secure from the Government Office for London (GOL) about £240 million since we have started of European Social Fund (ESF) money, much of which is directed specifically at that problem, to make sure that those people who are not even at the first rung reach the first rung and can therefore compete with others.

There is another challenge as well. Ros (Dunn) made the point that the number of graduates is not increasing through provision. One reason for that is that many, many people who are graduates are not just coming from Rochdale but from around the world into London. 24% of the working-age population in London now have a degree with a further 7% having a postgraduate qualification. That is something to be proud of but that throws up other challenges for us to make sure that they can engage with employers and have the skills in English particularly to be able to acquire and hold down work. We are attuned to those particular needs and that is one of the beauties of our structure, that whilst having the resources nationally to deal with the challenges, we have the linkages and base locally to attune ourselves to what is required. In my area, the port of entry for Britain is there: Heathrow

airport is in my patch and by the last count we have 50,000 refugees and asylum seekers in the London West area. That throws up an amazing churn within the schools sector but also in the post-16 sector. Therefore because we know about it and can count it, we are dealing with it. That is what the LSC can and is doing.

**Valerie Shawcross (AM):** Thank you for that. One of the other ways that London differs now is that we have an economic development strategy for London and we have Mayoral leadership on this. Without saying that everything the LDA has ever done has been wonderful, what role does the Economic Development Strategy (EDS) for London have in your planning processes? In what way do you support the thinking within that, dealing with growth, looking at the Thames Gateway and the regeneration areas for opportunity? How do you support that and does it have an official formal role in your programme?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** It certainly has an official formal role in terms of we refer to the Mayor's Plan; we refer to the EDS in drawing up our regional and local plans. Our regional priorities and delivery patterns are based on supporting the EDS as well as taking note of the Mayor's Plan. One of the ways we did that was in terms of setting up centres of vocational excellence (CoVEs) of which there are 45 across London. The majority of these are in colleges but they are specialist, high-quality provision that are focused on delivering against the sectors the Mayor has identified are important for London. Maxine (Jones) mentioned before in terms of the London Skills Commission and the LSC and LDA jointly chair that. As part of our work in looking at the Regional Skills Partnership and moving ahead, I chair, just newly set up, and it took a long time convincing everyone that this was something we should do, a Funders' Group where we are looking at the money that the key public sector already invest in education and training in London as well as the private sector through the Sector Skills Councils to see what it is we are contributing to the EDS, what is it we are all contributing to, and more importantly looking to the future to see who is best placed to fund different aspects of this strategy to ensure it is delivered. I shall let Peter (Pledger) talk about terminal 5 and other regeneration projects. We invest £700 million across the Thames Gateway in terms of education and training opportunities. We work with the partnership organisations. We did an audit of skills needs across the Thames Gateway which everybody is now using as its template; this is the baseline – how do we move forward on that. We are involved in every regeneration project in one way or another across London.

**Councillor Hugh Malyan (Chair):** Can you just say what that £700 million figure refers to? Across what period does that figure?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** Across the Thames Gateway. It is an annual figure in terms of the totality of the education budget.

**Valerie Shawcross (AM):** I think the difficulty for us as Members is that we do not know what to compare that to.

**Councillor Hugh Malyan (Chair):** I thought you had a total budget of about £1.2 billion annually?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** Yes, but the Thames Gateway is in three – it is not just in London. There are London East, Essex and Kent and Medway.

**Councillor Hugh Malyan (Chair):** Is that the contribution from the three regions?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** From the LSC, yes.

**Valerie Shawcross (AM):** It is difficult for us to assess all of that. Would the LDA like to comment on the LSC's contribution and delivery of the Mayor's London Plan and the EDS?

**Ros Dunn (Director of Strategy and Corporate Planning, London Development Agency):** I should explain that Maxine (Jones) and I represent slightly different interests in the LDA. I have a responsibility for the EDS so I know much more about that and Maxine (Jones) is the world expert in the LDA on skills. If I could start by answering that by saying a bit about the EDS. The London Skills Commission, which is London's regional skills partnership: the intention was that that would be set up to design a skills action plan that was consistent with delivering the EDS. In fact, when the action plan is published, there is a very nice table in it that shows how national policy, EDS objectives and activities map across. I suppose my view about it is that in theory, the ingredients are there to direct activities both in support of EDS objectives and in terms of national priorities. However, there is a 'but' coming which is that I think that when Jacqui (Henderson) and Peter (Pledger) were talking about the LSC investment, I sense there is a bit of an issue about the extent to which your funding is pre-determined by the need to fund in accordance with national priorities, and the amount of scope that is left once that has happened in order to start flexing around regional priorities. I think that the point would be accepted by all of us that London has particular needs so I think the question is to what degree the national framework within which the LSC operates is sufficiently flexible to allow regional LSC decisions to be totally in support of the EDS. I think you could turn that into a contention: it might be that there is not enough flexibility in terms of the way funding is determined to allow at regional level all of the decisions that people might like to make to be made.

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** Can I just make a comment about it? There is flexibility in that although, yes, we have targets to deliver in relation to participation and achievement and numbers of people achieving qualifications, really we work on what is the identified need and what are the sectors that are important at

either a sub-regional level or a regional level. When we are asking colleges – which we do – to put together a three-year development plan in terms of what it is they are going to deliver, what we are increasingly asking them to do is to provide education and training opportunities that relate to the economic imperative. What is it that are the key sectors for London, what is it that employers are saying they need and at what level? Through, for example, London East where there has been an employer training pilot, the opportunities there to be absolutely responsive to the needs of employers has been total; there have not been restrictions as to what could be delivered. Next year we will have a national employer-training programme which will be as responsive as that. I think that John (Wise) made the point, incrementally year on year we have been able to influence the delivery through colleges – because we do not deliver – to be much more responsive to the needs of the economy and employers.

**Peter Pledger (Executive Director, London West Learning and Skills Council):** There is almost a misunderstanding of what is happening with the resources. You could suggest the argument that all this LSC money in London has been wasted on national targets that have nothing to do with London, and if we did not have these targets we could use the money for the things we really wanted to do. Let us have a look at where the money is going and what the priorities are for the adult skills budget. The priorities are very, very straightforward and I would argue that these priorities are as important for London as for any other part of the country and in some cases more important for London. The priorities are to deal with market failure and there are two areas where the market has failed to meet the needs of adults. The first is in basic skill needs: numeracy, literacy and language. That is the top priority and therefore for us, before anything else, we will invest money to ensure that adults who are not numerate or literate or competent in the English language can get a recognised qualification in that area. I would challenge anyone to say this is not a problem in London. This is as much of a problem in London if not more a problem in London as anywhere else in the country. Therefore for Ros (Dunn) to suggest we are concentrating on targets and not supporting London – this is a London problem.

The second area is on level 2 qualifications. Forgive the educational jargon, but level 2 qualifications are the equivalent of five GCSEs. The research that has been churned out by the Treasury, the Confederation of British Industry (CBI) and other bodies has said that while it is still possible to get a job in London and many parts of the country without a level 2 qualification, it will become increasingly difficult. Employers have said to us in London and in every borough in London, ‘If you get people to that base level, I will invest to take them up to level 3, equivalent to A-levels, or level 4, equivalent to a degree, but it is for the state to get them to level 2’. Those are two priorities. To suggest that we focus that money on something else in London is, I think, a false argument.

**Valerie Shawcross (AM):** Chair, I know you want to move on but perhaps I could just ask Ros (Dunn) to say a bit more about what the gap is.



**Ros Dunn (Director of Strategy and Corporate Planning, London Development Agency):** If I just say something then ask Maxine (Jones) to come in. I would like to get a bit of clarity on this. I think that both at national level and LDA level we are all working more or less from the same evidence base. In terms of looking at market value, you are absolutely right. This is public money and it needs to go to address market failure. I do not have any difficulty with that and I think that probably we would say that there is a very broad degree of consensus about priorities. I think where there might be a difference of view or a difference of perception is that whilst you rightly say entry-level is more of an issue in London, it might well be that because of the way the national targets are determined and allocated out at sub-national level there is not enough flexibility to recognise that whilst we all might want to put resources towards the same priorities, we do not necessarily want to put them to the same degree. It could be that we think we would want to invest rather more in pre-level 2 and rather more in level 3 and 4 plus than we currently can. It is not to say that we have different priorities, it is to say that we might have slightly different perceptions about the proportions. I just wonder if Maxine (Jones), who actually knows about this, could tell you what the facts are.

**Maxine Jones (Director, London Development Agency's Skills and Employment Division):** I think we do need to make the distinction between the national targets not being appropriate and the issue of needing something in addition to or around the national targets. It is not suggesting that participation rates for young people or the incidence of achieving a level 2 qualification do not matter for London, but it is that other things matter as well and other things may matter more. At the moment we are not in a position to be able to determine that within London. We have a set of targets that are provided and that need to be met and they may not meet the needs of either individuals or employers in London. If for example we look at something like ESOL, we know that the large proportion of learners who require English as a second language are actually adults. We also know that at the moment, the majority of LSC growth funding is going for young people, so there is clearly a mismatch there straight away where there is this need to actually train or provide support to adults in ESOL at pre-entry level, and a limited budget which is being flexed towards young people. That is not to say that young people are not a priority, but it is to say that older people are and we need to also be dealing with them. I think that is an example really around the need to be able to augment and redirect other parts of funding where perhaps others might pay for things that are not being paid for by others outside of London. There are perversities within the system currently which make this even more difficult. If you take something like ESOL, colleges now are having to provide free ESOL training for people who are from ascension states whereas they were previously receiving training under English as a Foreign Language (EFL) and this is actually squeezing out other provision and meaning that there is insufficient available. That is something that is particularly London-focused, both in terms of the amount of ESOL provision required in London and the percentage of people from ascension states who are seeking language training. That is something that at the moment London cannot respond to on a London basis.

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** Can I just add to that? I think this is the whole benefit of the Funders' Group and looking at the future. There is still a need for young people and people who are not from the incoming states to have English as an additional language to get a job or to do their education and we currently invest around £130 million a year on funding ESOL provision in London. What I am hoping will happen in the future is that the LDA that has funding for education and training that we agree who funds what and that indeed perhaps where there are areas of flexibility, by looking at this together across all the – we need to look at Jobcentre Plus who also fund some ESOL provision for those seeking jobs, we need to look to the employers to fund EFL when they recruit workers. We would be funding part of the training and they would be funding the other. It is providing from appropriate sources a totality of the budget for London.

**Ros Dunn (Director of Strategy and Corporate Planning, London Development Agency):** Just to give you a sense of orders of magnitude, the LSC budget for London is something like £1.2 billion a year. The DfES contributes something in the region of £60 million a year into the RDA single pot, i.e. for all nine regional development agencies, so London's share of that would be something under £10 million. We spend considerably more than that on skills already, quite rightly, but I think we need to get a sense of how much flexibility there is.

**Councillor Hugh Malyan (Chair):** The point is well made, but we are getting dragged into detail here when there is a principle at stake. This evidence hearing is about the LSC and we have to go back to cap this off. The nub question here is about London's flexibility to be able to do London-specific things. The point was well made by Ros (Dunn) that it may not be about individual targets but it is about the degree of cash spent on individual areas and how much – because London is London – if we want to spend a bit more elsewhere... Who is 'we' anyway? Who are the people putting together that view about where else to spend money? The bottom-line question is how much flexibility you have in this £1.2 billion per annum, particularly when you can be talking about small sums of money elsewhere from other partners rather than the larger sums you are dealing with, at least pan-London. How much flexibility do you have outside of the national framework to do things that partner organisations who are part of London are asking you to help out with and take part in?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** My view is that we have considerable flexibility in terms of what is actually delivered at a local level through a local college or through adult and community and so on. We have used ESF money very effectively as Peter (Pledger) described earlier to support local communities and flexible provision: £230 million over three years is a lot of money in terms of flexible provision. I feel that we are responding effectively, incrementally year on year getting better in terms of identifying need and what it is we need to do. There is never, ever enough public money to fund everything. 40% of money that

the LSC has is spent on entry level and level 1, plus another 23% at this minimum employability level, so the bulk of our money – about 60% of our money – is going to tackle the legacy of under-achievement and under-performance. We see that as important to London and this is why the work we do in the regeneration projects is about supporting the people who live and work in those regeneration areas now. If they do not get job opportunities and there is an influx of workers, they are going to be even more disadvantaged than they are in the future. It is about a question of balance, I think, as well as flexibility.

**Peter Pledger (Executive Director, London West Learning and Skills Council):** Your questions were quite direct, Chair. If there is a particular need in London, are we able to respond to that need? Can we use our money to do that, yes or no? The answer is yes, we can, and we have examples of how we do that. You asked who sets those priorities. We have a statutory obligation to produce a plan each year and to publish that plan by the 31 March. We are obliged by statute to consult with each of our local authorities in our respective areas and through that consultation we make sure – and I know the LDA make sure as well – that our plan and the EDS do tie together. The EDS's and our work are linked. In West London the LDA has commissioned separate work which I am part of to produce a sub-regional EDS to implement the pan-London EDS, to tie together our work, the work of Jobcentre Plus and other organisations to deliver the EDS in the locality. I know if it works in the West as I anticipate it will, this will be rolled out across the rest of London.

There are specific examples of what is happening on the ground. There are two priorities in London that are in the area I cover. Terminal 5 was being built when we started but the level of local employees working on the terminal was less than 1%. The five local authorities surrounding the airport were very concerned about that and wanted to up-skill their residents to become workers on terminal 5. We put in a tremendous amount of money with BAA working with the five boroughs and now 14% of the people working on terminal 5 live and are from those neighbouring boroughs. Secondly, there is a major adult basic skill need at the airport. While people were working there they had problems with basic numeracy and literacy. We invested £1 million of ESF money to tackle that problem working with the 321 employers in the area.

Wembley is another example. We are linked closely with Brent and Ann John (Leader, Brent Council) to try to ensure that not only are we to train up young people to work on the building of the stadium – and I am still optimistic that it will be completed – but also on the work around the hinterland as that is developed. These are just two or three examples and there are examples in every borough in London where we are working to focus the provision we are buying from further education colleges, work-based learning providers and school sixth forms to deliver the precise, particular needs in every part of London. The answer to your question therefore is yes, we can and yes, we do.

**Councillor Hugh Malyan (Chair):** Does that funding, that flexibility you have – you have mentioned European funding and one or two other streams – is that the totality, is that where in cash terms of opening a piggy bank that your flexibility lies? How much flexibility do you have within your core funding?

**Peter Pledger (Executive Director, London West Learning and Skills Council):** The largest element of our core funding is the further education budget which takes up about 60% of our resources and that is split between young people and adults. Part of our work is to make sure that the further education colleges are delivering the skills required by employers in the area, working with the Sector Skills Councils and groups of employers in those localities and making sure that young people, many of whom have left school at an early age, can get back into learning and acquire the skills required for future work. It is not just about these additional funds – which are not insignificant – but it is about refocusing the mainstream budget, and that is what we are working on.

**Graham Tope (AM):** I wanted to go to the governance issues. When the legislation was going through to set up LSCs six years ago, there was a fairly widespread view in London – not unanimous but fairly widespread – that there should be one LSC for London, maybe with a sub-regional structure within it. With the benefit of five years' experience, was that wrong?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** I would never say that the decisions that were made at that time were wrong. I think that there is a huge benefit of having five local LSCs with the local relationships, local knowledge, local responsiveness and local delivery. I think that the position of Regional Director has brought much more coherence to that. Since January last year I have had the position of Regional Director. What happens is that the budget comes to the region and each of the local LSCs – the Executive Director, their councils through negotiation – puts in their plan based on the national framework and the priorities. They deliver what is needed in their area. We did have a situation – and I think Maxine (Jones) has been kind that she has not mentioned it thus far – where the LDA would need to deal with five separate councils, get perhaps two, three or more responses. That does not happen now. We deal at a regional level and it is a much more focused, strategic overview. Whereas before each council certainly responded to local needs, it was much more difficult to ensure we had this strategic overview across London.

**Valerie Shawcross (AM):** I wonder what the purpose is of carrying on with five?

**Councillor Hugh Malyan (Chair):** Let us be absolutely blunt. You are the Regional Director. We have gained certain pan-London advantages by having that position and structure, so why do we not go the whole hog and have one London LSC and do away with the five regions?

**Graham Tope (AM):** I was hoping to hear from the other witnesses rather than the rest of the panel. Jacqui (Henderson) has answered a lot of the

concerns I had, albeit from six years ago when the legislation was going through, that having London divided into five would inevitably weaken the voice. The Government was very clear that there would be little if any coordination at a London level. It seems we have learned some lessons from that and I welcome that. What I am really trying to get at is what the Chair has said, whether London is able collectively to punch its weight, whether we actually might well have done what was suggested by some and have one LSC for London with a sub-regional structure within it. That is not quite what you have now but you have gone a bit that way.

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** In a way we are moving increasingly towards that but with the emphasis on this local delivery in the same way that the Mayor and the LDA have their local strategic partnerships. It is about ensuring that we do work with the local authorities, that we do have knowledge of the further education colleges and schools and communities. It is responding to that. I am the Regional Director; Peter Pledger is Executive Director for London West but he leads for the region on skills. Each of the Executive Directors leads on a key policy area. Jay Mercer, London South, but he leads on 14-19; Verity Bullough, London Central, but she leads on funding and performance; Philippa Langton at London North leads on quality and diversity, ESOL and basic skills; Vivien Cutler in London East Thames Gateway leads on regeneration. We have moved a long way in the last 15 months towards having a much stronger, more strategic, responsive organisation that is punching above its weight in terms of the national LSC. Of course we can get better and we will get better at that.

**Graham Tope (AM):** I am interested in whether the LDA and John Wise have a view about this from a different perspective.

**Ros Dunn (Director of Strategy and Corporate Planning, London Development Agency):** Can I come in first from a central perspective. What Jacqui (Henderson) has described is a very good development and from the point of view of the LDA I think undoubtedly – and this is more Maxine's (Jones) territory – it must be easier. I am on the council for the North London LSC so I talk to Philippa (Langton). I think there is another point about having one LSC and a sub-regional arrangement underneath that and it is the question of what sort of rules there are and how funding is organised. I can give an example not from the London region but from my past life when I had responsibility for looking across the UK. I think what matters as much as how well people talk to each other and join up at regional level is what fundamental rules there are about the extent to which you can move money around across sub-regional boundaries in order to deal with particular local sets of circumstances. I do not have a London example, but I can think of examples from other regions where there were serious concerns about the extent to which you might have an underspend in one region and a potential overspend in another and no flexibility to move money across the sub-regional boundary in order to address what might have been regarded as a shared view on where resources should go. I do not know the degree to which the direction of travel would allow you to move money around, but it is certainly the sort of

concern that we would have in the LDA. It is the same point about flexibility and the degree to which you can move resources around both in planning terms and need terms.

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** Just to confirm, yes, I can move money around and I do move money around within the region dependent upon utilisation, performance and indeed need, which was not there before but has been for the past six months.

**Graham Tope (AM):** At the same time as the LSC Bill was going through, so was something called the GLA Bill setting up the Greater London Authority. It was not clear to some of us at the time why given we were setting up a form of regional government in London unlike the rest of England, why we needed to have an LSC – whether one or five – in London as distinct from having it as part of the regional government structure. Six years on I would still have the same question. You are all nodding.

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** I am nodding because I can see the reason for that. There are advantages and we have seen advantages for London in being part of a national infrastructure. As Peter (Pledger) said, in terms of ensuring the standards and performance we are looking at is same as anywhere else in the country and we are aspiring to be as good or better in terms of those standards and performance. We have had the advantages of having additional money from a national body that we may not have had if we had been a separate unit. I feel ill-prepared and really it is not my place to answer your question.

**Ros Dunn (Director of Strategy and Corporate Planning, London Development Agency):** I think because I come from one of the functional bodies it would be right for us to say something about it. There was a commitment in the manifesto at the last election that the powers of the Mayor of London would be reviewed. I think rather than say much about the detail of the review because currently there is not much to say about it, I think it is worth trying to say why that was there. I think it stems from – and again I speak partly wearing my previous hat as part of central Government – quite a lot of thinking that was done by central Government about the case for devolution, and the case for building on democratic accountability as a means of allowing subsidiarity to apply. A lot of work has been done about the causes of regional disparities and what is the best way to improve economic performance – that was what led to the setting-up of regional development agencies – and in London allowing the RDA to be accountable to the Mayor because we had the democratic accountability to support that. I suppose where things have moved on now is that the Mayor has been given a lot of responsibilities for strategy. We are required to produce the EDS, we have the development plan which is the Regional Spatial Strategy (RSS), and I think as thinking around these issues evolves, it is to start to identify what you might call an implementation gap which says: ‘The Mayor is responsible for improving economic performance in London. Does he have – the Mayor and

the Assembly, London government – all the levers that ought to be held at that level in order to deliver against the strategies we had to produce?’ In a sense this is quite an easy argument to put because you can say this is not just about a grab for power, it is about saying that if you sign up to the principle of democratic accountability, economic strategy is produced on the basis of wide consultation across London, it is evidence-based and it leads to some conclusions about where investment should be placed and what investments we should make. If anything gets in the way of just allowing the public money to follow those decisions in the EDS, you have to say, ‘What is the advantage of that being in place?’ I think there is a bit of a struggle and on the point about national targets, there is not a different view in London about priorities in terms of education. There might be a different view on how you should be able to direct your investment, and the question is, ‘What is the added-value on that?’ I think the argument would be whether we can address what might be described as the implementation gap between having the responsibility for a strategic overview across London and having the means at your disposal to deliver that.

**Councillor Hugh Malyan (Chair):** Thank you for that. Just staying on this tricky thing for a moment, our core question list mentions what the Welsh Assembly had done with Education and Learning Wales (ELWa) and abolished the Welsh equivalent. Jacqui (Henderson), if I could come back to you – I appreciate this is a political question and you do not want to get dragged into that.

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** We are an apolitical organisation.

**Councillor Hugh Malyan (Chair):** Of course. If we use that suggestion of still within a national framework but of a sort of subsidiarity for London and based on the understanding there are already memoranda of understanding with goodness knows how many organisations from the LDA to the ALG and various other people, so technically these things are possible, can you see any obvious obstruction from a technical point of view of doing that, which is not quite a political question?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** Do you mean any obvious obstacles to us being more closely aligned?

**Councillor Hugh Malyan (Chair):** Even to performance. Ultimately, this is about people and what the organisation is doing to help people. If in the future the five LSCs in London became one structure within the GLA family in some way, would there be any concerns about its ability to deliver on behalf of Londoners? You made the point about having access to extra cash within a national organisation and clearly no one would want to lose that, so London could still be part of a national organisation. Can you see any barriers to the political change?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** I think it is difficult for me to make comments on barriers to political change. That is not what my role is. I do think that incrementally and increasingly, the LSCs in London are addressing the needs of the Mayor, of the GLA and of the Regional Economic Strategy (RES). I think the benefits of us moving already towards a more regional infrastructure are paying off now and will be even greater next year. I think the benefits of the Funders' Group, of us looking together across the LSC, Jobcentre Plus, GOL, Office of the Deputy Prime Minister (ODPM), neighbourhood regeneration and all of those things, as well as seeking to get private sector investment from employers will in 2006-2007 have a huge benefit. I am struggling at the minute to see what it is the GLA wants us to deliver specifically and what aspects of our performance they want to know more about or are dissatisfied with. I think that is the key for me. I do not know enough of what it is you are all thinking about to be able to address specifically what those issues are.

**Councillor Hugh Malyan (Chair):** It was about a technical point and that is absolutely fine. I just want to touch on one other subject: the relationship with the boroughs and the change that happened five years ago, whether it relates to adult skills, the budgets that local authorities used to have. I am not even going to say it – there was that joke about basket weaving and we must never do it ever again, so I am not going to. A lot of local authorities felt pretty miffed at the time and I think for some good reasons, not just turf, about the knowledge of their own communities – in other words, a pretty quick response to what were the needs. Where they spent money and what their organisations started setting up courses to do was where demands were coming through. On that sort of specific issue as one example, are you happy that the present liaison with the boroughs, both in terms of your annual plan but also what about flexibility throughout the year as demands start to emerge? Are you that sensitive, do you know what is going on at the local level now in terms of that response and a dynamic response?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** The money goes back to the local authority and no local authority gets less now than they would have invested before and they identify what it is they are going to deliver and the flexibilities that they would have within that.

**Peter Pledger (Executive Director, London West Learning and Skills Council):** Indeed. The nature of the contract is to make sure that we are as if not more flexible with the LSC system as the system we had beforehand. What we are buying is a plan developed by each and every local authority on the adult and community burden that they wish to deliver in their area to meet their knowledge and their needs that they have identified. In the negotiations on that plan, we will press them to deliver more for the resources that we are offering and we press them to ensure that they target those in greatest need and particularly those who have a basic skills need, but the plan is the local authority's plan. When we agree the contract, the money follows that plan. In all the plans there is the ability for the deliverers – who are the skill providers who were there prior to our reception – to be as flexible as they were then. As



Jacqui (Henderson) said, not one local authority in London is getting a penny less than they did under the old system and in fact the vast majority of them are getting a good deal more.

**Councillor Hugh Malyan (Chair):** They have lost the decision-making power about whether... Whatever their previous budget was, that moment where it was nailed in stone when it transferred to the LSC, and whatever has been the inflationary up-rate in years since, prior to that they had a much wider decision-making framework in which they could cut £1 million from the budget if they felt they had a political priority somewhere else, or they could put another £1 million in. The present system is not offering that sort of radical change either way.

**Peter Pledger (Executive Director, London West Learning and Skills Council):** You are half right. The local authority cannot cut the amount of money going into adult and community learning because we are putting the money into adult and community learning. If they wish to add money to it, there is nothing preventing them from doing that because they do it anyway through the Local Strategic Partnership (LSP). Some of them certainly do just that. The only power that has been taken away is the power to cut adult and community learning unilaterally.

**John Wise (Former Executive Officer, Fourteen Plus, Corporation of London Education Service):** That brings me to the point going back almost to Graham's (Tope) point about what the LSC should be doing regionally. I think adult and community learning for me is one of the areas that needs thinking about very hard at the moment given the effect and perhaps the unintended consequences of the priorities of funding: this is the area where reductions are going to occur. It does seem to me that the approach Peter (Pledger) has outlined is how it works. What concerns me is that one of the duties the LSC has never really taken up is the duty to promote education and training which is a statutory duty imposed on the LSC. I know it has a million and one other things to do, but that is a duty that for me needs to be taken up because I do not believe you should be making these hard and fast divisions. I do not think we can talk about the skills budget on the one hand and adult and community learning on the other. My belief is that they are interrelated and the one feeds into the other; they should be seen as a whole and need to be promoted as a whole. Those are the sorts of approaches I was hoping the regional structure would be able to bring in for London: to be able to see those things together rather than having, as Peter (Pledger) talked about, contractual arrangements made with individual local authorities. I tried across London to do some promotion of adult learning and I found it quite difficult dealing with the five individually. It has not been an easy exercise. We managed to get them together eventually and I am very grateful for the support I received, but it certainly would have been easier if that could have been dealt with at regional level. One of the questions I have for Jacqui (Henderson) is whether with this incremental process there will also be some shifting in the LSC budget so that the regional office has the opportunity to support regional development in a way I do not think it quite can at the moment.

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** You are right to say the regional office is very small. We are a lean, mean organisation. That is absolutely right. The issue about promoting adult education, we do, and again, through the development plans of each borough, they will have plans for how they will promote adult education in their area. You must forgive me, the reason why we are not going gung-ho to promote it at the moment is that we have more learners. I would have to say that that is a success factor. There are more young people, more adults and more employers who now recognise that education over the age of 16 is important. They want a part of it or they want their employees to have education and training. The guarantee was – and I am sure that Hugh (Malyan) will be pleased about this – that we would not take money away from one borough to give it to another borough. If a borough invested heavily in adult and community education before the LSC came along, there was not a levelling out to say that every borough will get its share. There was no formula in relation to that whereas in school sixth forms for example, most schools went to the formula approach because they were getting more money than they would have done through the local authority issue. Adult education is a priority for the LSC and an issue in terms of making sure there is enough money for the breadth of provision that people want by going for those priority areas.

**Councillor Cameron Geddes (ALG):** With effect to the borough allocations, does that mean that the snapshot as it was then is going to be forever and a day?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** No, it is until...

**Peter Pledger (Executive Director, London West Learning and Skills Council):** It was guaranteed originally until 2004 then there were other priorities for Ministers and I think therefore this will not be reviewed until 2006. What happened in 2000 when the allocations were shifted is that local authorities got back what they were spending plus on average a 9% rise so there was a degree of happiness if you were spending quite a lot of money on adult and community learning and unhappiness if the opposite was true. It has always been the intention that some of the inequalities that have arisen will be dealt with, but that has been delayed by a couple of years, but by 2006 there will be proposals to deal with that and we will need to consult on those. To some extent, Chair, whilst as a public servant I cannot comment on any of the political dimensions of your discussion, you did ask for technical challenges and one of the technical challenges that the GLA may have to deal with if the proposals are taken any further forward is that in some way you would need to replicate all the detailed work that goes on to create such formulae, such consultation, because there will be a real danger particularly on those boroughs that border Hertfordshire, Surrey, Sussex, Kent and Essex of having a 16 year old in a school getting the LSC formula in one borough and a somewhat different formula if they happen to cross the road into a London borough. If you start playing about with formulae, you will create

some other perverse intentions. One of the intentions of creating the LSC was that there was a uniform formula across post-16 provision in schools, further education colleges, work-based learning, etc., in each of those sectors. They are not equal yet but in each of those sub-sectors there is a standard formula so it does not matter which school you go to in the country for sixth form provision, the same formula applies.

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** Just to be clear, except that London schools and further education colleges get considerably more money through the area uplift. I would not like you to think you were just getting the same money as...

**Councillor Hugh Malyan (Chair):** I do not think anybody is anticipating that whatever the future holds that sort of uniformity across the borough borders for outer London would be allowed to cause a major problem in terms of variation one side or the other. Having said that, there already is variation in terms of funding levels as Jacqui (Henderson) has already – and we all know anyway – pointed out. I tend to know about South London and I am not too sure what happens at the North London end. You have schools? Excellent, Cameron (Geddes). You can go across to Warlingham from South Croydon and the school there, the per-pupil funding is considerably different to what happens on this side of the border. There already is significant change.

Can I just finish on a point about an old bugbear of mine when these changes originally came around? It just happened to be our experience in our borough with which rather conveniently both Val (Shawcross) and I have been and are associated that the council and its business community have pretty strong and historic links in the first place, talk pretty easily together, had by then got good relationships – which is not always the case it has to be said – with the further colleges and other post-16 provision, and a pretty good three-way dialogue was going on. The business community in particular were quick to come up with what were their future requirements and future needs. I know that very much at the time there was a considerable worry that the sort of flexibility – literally six months on six months, year on year – to meet what was the current demand coming through from employers for qualifications would be interrupted. Within the first couple of years I felt I was receiving those sorts of signals from business influences within my borough; I cannot speak for elsewhere on that point. You have talked about the consultation. Just reassure me about the structure's ability to be flexible for employers' needs, particularly as new technologies come on the market, new businesses start cropping up all over the place and need something slightly different. Do you feel we are all able to respond within the current structure to respond to that as quickly as possible?

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** I would say we are probably not able to respond as quickly as possible. I think that we are responsive and certainly there are wonderful examples in every college. We do not keep the money. I just need to stress this point. The money goes to colleges and other organisations to deliver. There are wonderful examples in every college across London of very

responsive relationships with employers. There are 44 centres of vocational excellence which the college or organisation can only get if they have excellent networking relationships with employers. Increasingly, we are ensuring that the identified needs are carried forward into delivery. As I said, the national employer training pilot in London East was able to be even more responsive because this was additional money that was not tied into an institution and employers could determine which organisation they wanted to deliver that – short, sharp delivery. We shall be moving to that with the national employer training programme which starts in 2006.

**Councillor Hugh Malyan (Chair):** Thank you very much, everyone. We have been at it for an hour and a half now and it has been a useful discussion for us so thank you very, very much for coming in to give us your time and your thoughts today. There will be a write-up from the meeting and I hope that someone will send you a copy to let you know that you have not said things you did not think you said and the like. Once again, as we close the meeting, thank you very much for coming in.

**Jacqui Henderson CBE (Regional Director, London, Learning and Skills Council):** Thank you very much for having us.

**28 June 2005**

## **Commission on London Governance: Fourteenth Hearing**

### **Evidentiary Hearing with Rt. Hon Lord Heseltine**

The fourteenth hearing of the Commission on London Governance heard from the Rt Hon Lord Heseltine. The discussion covered a whole range of issues surrounding the future challenges for London.

**Present:**

London Assembly

Association of London Government

Cllr Hugh Malyan (Chair, chaired the hearing)

Cllr Cameron Geddes

Bob Neill (AM)

Cllr Merrick Cockell

Darren Johnson (AM)

Mayor Steve Bullock

Graham Tope (AM)

Cllr Andrew Judge

Murad Qureshi (AM)

Richard Barnes (AM)

Valerie Shawcross (A M)

### **Transcript**

**Councillor Hugh Malyan (Chair):** This is our 14<sup>th</sup> evidentiary hearing and I am delighted to say that we have the Rt Hon Lord Heseltine with us today. Thank you very, very much for sparing the time to come and talk to us. You very graciously came and talked to us before a little over a year ago. We are very grateful to have you back again.

The subject is challenge for London. We had a few minutes with you before about where the Commission is going now, the fact that it has carried out its interim report and intends to keep to the time table it has given itself, and will finish with a final report in December 2005. We are going to kick off with the questions and I am going to start with a general theme. You talked in your previous speech to us about the powers associated with the new Mayoralty and called it with its present brief – and I quote from the speech – a ‘non-job’. I wondered if you could say a little more to us today. We have certainly been looking at the powers of the Mayor. The Government have indicated that they are going to review very soon the powers of the Mayor of London, so I wonder if you could give us some views about what else the Mayor should be doing, if quite clearly by what you said before it is not doing enough at the moment.

**Rt Hon Lord Heseltine:** I see the issue of the Mayoralty in London in the wider context of local government in England and Wales. The fact is that we are an extremely over-governed, over-centralised country. By and large, in one way or another, there are three principles which give central Government a dominant role in a very wide range of policy. One is by appointment, the second is by circular and the third is by allocation of cash. I personally

believe that this is not the healthiest way of organising a complex society. It does not encourage choice; it does not encourage experimentation; it does not encourage diversity. In the way we operate in this country, I think it also fails to deliver on accountability. In theory, there is always some Minister in charge, but in practice, the issues are probably fairly small in terms of national interest, the Ministers are very busy and have a huge remit, and so their time that is devoted to dealing with a particular conurbation and the amount of initiative they are prepared to deploy in that is very limited indeed. You come back to the fact that in the big spending departments that interface with London and other local authorities, you will have perhaps a London directorate, but it will take decisions in the context of a national policy. In my view that is suffocating.

When you come to London which is incomparably the biggest of all the municipality areas, I would myself now have moved even further in delegation than I was when I was in Government. I was preoccupied about the Health Service, I was preoccupied about police. Now I would not be. I would myself be prepared to see these powers delegated to an elected Mayor in London and indeed, subject to local conditions, I would have elected Mayors for my money for unitary counties across London. I would delegate or transfer responsibility for these very wide-ranging central Government powers down to that local level.

**Bob Neill (Deputy Chair):** That is very interesting and then one tries to look at that in the London context. Do you envisage logically any future role for the Government Office for London (GOL)?

**Rt Hon Lord Heseltine:** I set up these regional offices and I believe that was a positive step, but I always knew what the danger of doing it was. The danger actually bit the dust with the referendum in the North East, but the logic of what I did I thought would go in that direction. If I explain: I was at the time President of the Board of Trade in the Department of Trade and Industry (DTI). Maybe I had not yet come from the Department of the Environment but I was moving in that context: I was in the Department of the Environment and then I went to the DTI. Both of those departments had their regional offices and there were other regional offices – I think the Home Office had a regional office and there were others – but never the twain did meet. I had my outpost and my colleague in the DTI had his or her outpost and the Home Secretary had their outpost. I thought this was curious because we were dealing so often with issues – in particular with industrial regeneration or urban regeneration – where the interrelationship of Government departments was huge. We were providing very large sums of money and that is a very important part of it. If you wanted to get a coherent approach to urban regeneration and to city regeneration in particular, there ought in my view to have been a central Government understanding of what the particular problems of an individual conurbation were. How do you get that if what the individual regional directors are doing is pursuing home affairs or environment or transport or whatever it is without dialogue between the others?

I said to my colleagues, 'What we should do is coordinate our efforts so that there is a central Government presence. Why do we not co-locate the outposts of central Government? In order that you do not think I am trying to take you all over – which particularly in my case everybody always did think – I am prepared to forego the leadership of say one quarter of these regional areas, and you can all have your guy in charge.' This led to the co-location and it led to the appointment of regional directors. I believed then and I believe to this day it was one of the most exciting jobs for a civil servant in central Government. You really were at the coal face dealing with the people who were being affected and had a lot of local interest in trying to make things happen and using Government money to support an initiative where appropriate to bring that about.

I always believed that some party, being what politicians are, would say, 'What we have is unelected quangos so we have to have an election for a regional assembly.' Of course, this all fitted with what was going on in Scotland and Wales. I always thought this was a complete misunderstanding of what I had tried to set up. This was central Government playing its proper role, not trying to devolve powers to an elected and therefore new tier of local accountability. My judgement proved sound at least on that issue and people did say we had to have an elected council to preside over the Government regional offices. That would have meant inevitably that the Government would have set up another tier to represent central Government in the context of the local regional-assembly officials. That bit the dust with the referendum in the North East because they did not want it.

To the best of my knowledge, there still are these regional offices. The reform has stuck and I think it was right. You asked me specifically about the London office and that was another one of them. It was sensible to try to bring central Government so that thinking was coordinated and Ministers got a total picture instead of a piecemeal picture.

**Bob Neill (Deputy Chair):** In the light of where we are five years on with the Mayor, are there functions and responsibilities you think could sensibly be transferred from central Government to the Mayor?

**Rt Hon Lord Heseltine:** Arch-Europhile as I am, I would talk about subsidiarity – a fashionable word – and I would start the other way around. What does central Government need to do that the local people cannot do? That seems to me a very sensible approach. If you ask that question, you get some very exciting answers. My own view is that the Mayoralty as set up today was a sort of sop. There was great pressure on the Labour party to recreate the Greater London Council (GLC) and one of the ways of doing that was to have a Mayor. Once you did that, you gave him or her minimum powers and that is what they did. There are very few powers and they are so constrained by central Government constraints, or they are only half-transferred which means they are not transferred at all. I would start the other way around and as I have watched what goes on and travelled internationally, it has become apparent that there are lots of municipalities across the world perfectly capable of running a lot of these activities successfully. I have no

doubt myself now that London – subject to proper coordination and relationships with the neighbours – could run its own police force and I think that might be an extremely healthy thing to do. I would like to see more devolution of the police force to other localities as well as London, because I do think that policing is not as successful in this country as it should be and I think that public confidence is drifting away from the police. I would like to see directly elected people with ability to experiment with policing as they think more appropriate to the local area. You have to define the area – some are too small and so on.

I think the Health Service is the same. I think the Health Service is a dramatic bureaucracy and this Government has poured enormous sums of money for relatively small gains into the Health Service. I think one might have got a better result if one had involved the local communities much more than has happened and if genuine choice was devolved so that one could see on the ground what happened when individuals took different decisions one against the other. I would welcome diversity.

**Bob Neill (Deputy Chair):** That is very interesting. Does the logic of that not mean that as well as functions being devolved on the basis of subsidiarity, so ought the tax-raising powers to some measure?

**Rt Hon Lord Heseltine:** This is where it becomes extremely difficult. As all of us who have been involved in the business of redistribution know, there are not many parts of the country that can sustain themselves on any obvious local tax. Maybe in parts of London you can, but I cannot think of many others. Once you have a redistributive tax system, politics and central Government are not far behind. I think it is very difficult to see how you can have a total accountability in this country for the reasons I have said and also because of the geographic proximity: the boundaries of different authorities are so close.

**Bob Neill (Deputy Chair):** Final point: if we follow the internal logic of the subsidiarity argument through, does it also follow that if some functions are sensibly devolved from central Government to a London government for want of a better word, are there functions that currently sit within the Mayor and the GLA's responsibility that could more sensibly be devolved to the boroughs? What should the relationship be between the Mayor and the boroughs given London's unique Assembly?

**Rt Hon Lord Heseltine:** This is a very sensitive issue. I think in many ways the tension between the boroughs and the Mayor could evoke such hostility that trying to make any sort of change would flounder on the froth of indignation that would be caused. If I give the most obvious example, I was responsible for getting rid of the GLC and the Inner London Education Authority (ILEA) at its time. As a consequence of that, the boroughs now have education. I would not myself transfer the education functions from the boroughs to the Mayor, but what I would be inclined to do is to transfer the failing-schools initiatives from central Government to the Mayor. My own view – silly to try to generalise in a very short sentence of two – is that the very



high proportion of schools in this country do a perfectly good job. They have perfectly well-motivated and qualified teachers. The problem as so often is in the bottom x%. As a Government, we introduced legislation to intervene and deal with the failing schools. We did not use it anything like as toughly as I would have liked to have done. I think that a Mayor accountable to local people would be a more appropriate person to exercise failing-schools initiatives which for my money should be done without too much hesitation. I think the responsibility for allowing schools to deliver inadequate education is a political scandal of the highest order because once you let a generation of kids go through that school, they are prejudiced beyond belief for life. To move in hard and fast when a school is failing – and frankly, let us not mess about, schools fail because the head teacher is not up to the job. Do not talk to me about some poor 25-year-old graduate who has just started in the school. If the head teacher does not have a grip, that is where I start. That is true of life in my experience: show me the problem, show me the person in charge. I would give the Mayor the failing-schools powers, not central Government.

**Councillor Hugh Malyan (Chair):** Could we just go back to the police? Obviously since the Mayor came into being, there has been some transference of responsibility, particularly with the setting-up of the Metropolitan Police Authority (MPA) to look at the Metropolitan Police Service (MPS). One of the big arguments about policing in London from governance is that we do not have an Americanised system. London takes such responsibility for national matters including terrorism and a whole range of other things. How would you envisage the separation you were talking about under the historic system we have in this country? How would we achieve the best of both worlds: London being responsible for London's policing but at the same time taking into account those wider national issues that any responsible Government has to look after?

**Rt Hon Lord Heseltine:** I do not think there would be any great difficulty in designing a system which allowed central Government a residual, national capability to deal with issues like terrorism and all the intelligence issues surrounding it, many of which anyway have to be a central Government issue, and policing. I know that plenty of people will argue that the two are so interwoven you cannot separate them, but I always thought that was special pleading. I think you probably could separate them. Only today I read that New York has the lowest crime rates for 40 years so something must be working there.

**Darren Johnson (AM):** You have talked quite a bit about the role of the Mayor and the role of directly elected mayors in general. Do you think there is a role for the Assembly in London?

**Rt Hon Lord Heseltine:** What I do not think is that if you elect someone for four years you can then have endless votes of confidence or endless committees examining everything. You put someone in charge, they are in charge. If you want a degree of political sensitivity and accountability, have some consultative role if you like for Assembly Members, but my

preoccupation is with power and getting things done and putting someone in charge. Anything that dilutes that, I hesitate about.

**Darren Johnson (AM):** Is there not a balance to be struck between the accountability issue and the need to be democratically representative and so on, and the need for quick, efficient decision making?

**Rt Hon Lord Heseltine:** There is an argument, but should it prevail? My feeling is that once you start introducing the qualifications, you diminish the capacity of the elected person to act. One of reasons I believe so strongly in the direction of devolution we are talking about is in fact to encourage diversity, encourage choice, take decision-making down to a level closer to the community. I do not want to hamper that with a lot of perfectly well-meaning and well-intentioned people who will inevitably turn out to be questioning and slowing and all of that.

**Darren Johnson (AM):** That is very much the nature, but is there not a danger that if you are pulling more and more functions down from central Government – policing, education, health and so on – you are putting an awful lot of decision-making power into the hands of one individual. Is that necessarily healthy democratically and is it necessarily the best way of getting quality decisions if everything has to go past one person's desk?

**Rt Hon Lord Heseltine:** Of course it does not go across one person's desk. Usually in these circumstances it is the big decisions that go across the desk. The vast majority are fairly routine and of course there is nothing to stop the Mayor appointing people to assist in the drive, a cabinet of some sort, however you want to devise it. I understand the balance of the argument but my instinct is trying to make this country a more effective place and I suspect that with the national press, the local press, the councillors in the boroughs, the local Members of Parliament (MPs), there will be quite a lot of scrutiny going on.

**Councillor Andrew Judge (ALG):** I was wondering about your views on the potential role for business in London governance and in particular whether the business rate should be repatriated, at least on a London-wide level?

**Rt Hon Lord Heseltine:** The moment you talk about repatriating the business rate, with my commercial hat on, I see myself being milked. You are not going to give me any votes, you are just going to take my money. As the sort of people who pay business rates do not actually have much influence on quite a few of the political parties, one feels a bit exposed if I may put it in a very neutral way.

There is one thing I have not mentioned but I do again feel very strongly and have certain experience of this. One thing I would do if I were designing something along these lines is to be sure that central Government was more arbitrary than it is in the allocation of capital funds. I do not know if any of you have heard of a scheme called City Challenge. This was a scheme we developed in the 1990s and it was quite elitist in its concepts. It was

philosophically wholly compatible with what I believe and that is that competition produces challenge and tends to encourage experimentation and diversity. We in central Government said – I think in every case they were Labour authorities; if there was one exception that was what it was – ‘Here we have money, you show us what you will do with it.’ We did not try to tell them what to do with it. We said you have an urban crisis in your area – 10-30,000 people lived in those areas – and we have to sort this. You want to sort it, we want to sort it; we have some money and we will give you some guidelines. The guidelines were that we want to be sure this is not some sort of doctrinal whoopie you have dreamt up in a smoke-filled room. We want to be sure that you have actually talked to local people and involved local people and they are so convinced that what you are saying is right, they are prepared to put their money into it. Our money was conditional on them raising half from someone else. I think it was that; it was certainly raising money from somewhere else and maybe we judged the proportion they had to raise against the quality of what they were saying. It was a bidding process – that is the point.

It had the most exciting effects, first of all on the 11 authorities that actually won the competition, but my word it had a dramatic effect on the 20 that did not. The next year, they said, ‘How did we lose?’ A Labour leader I was very fond of, the Labour leader of Birmingham at the time, Richard Knowles I think it was, he did the presentation to me. Birmingham is Birmingham after all; Britain’s second great city. He made his city’s bid and I asked him about either the education or police component. He said, ‘This is what we are going to get them to do.’ He did not win and I said to him, ‘You did not win because you had not asked them. You were going to tell them what they were going to do. You have missed the point. This has to be local, responsive, regenerative commitment from your local people. You bring them on side, and we will help you with the cash.’

I give you that answer because fundamental to this was the role of the private sector. All of this began in 1979 long before City Challenge when I took over from Peter Shaw as the Secretary of State for the Environment. He had created a fund of about £180 million which was a top-up fund for local government for the stress areas. It was called an urban fund, I think. When they had had all their capital allocations for schools, transport, the environment, housing, whatever it was, the authorities with the biggest stress area received a top-up. I took over responsibility for this and I set off for Liverpool. I said, ‘We are going to do this, I am quite happy with this. There is only one condition. You do not get any money unless you cooperate with the private sector.’ There are a lot of very young people around this table. You cannot remember what it was like in 1979. The public and private sectors did not speak. They talked about each other in language even I would hesitate to use in this august ceremony. The fact was that they were on the pinnacles of opposing mountains shouting abuse at each other. When I said, ‘From now on, what you have to do is agree what you are going to do with the money and what the private sector are going to do’, the next question they asked me was, ‘Who are the private sector?’ That was a body blow because there was no answer to that. I had to have an answer so I said the Chambers

of Commerce which was derisory at the time because frankly they were not up to the job; but what else could I have said? Bit by bit, if you want to know where New Labour came from, it came from the partnership with the private sector that I created 30 years ago. Now, we have all these cronies. That is where they all came from.

**Councillor Andrew Judge (ALG):** Following on from that, would it be possible to devise a consensual framework across London that involved business at its most important levels and also involved the Mayor, and give them charge of the business rate and any increases thereto?

**Rt Hon Lord Heseltine:** Any consensus in the business community would only be one consensus and that is no increases. I would not myself immediately grab at the word consensual. In my humble experience of politics, that is not what we are in. No decision ever comes near the senior politicians that is easy. It is 49/51, and the 51 do not thank you particularly. The 49 say you did not listen. It is always a balance and they are always difficult decisions and there is often no right decision. You have the choice between two or three bad decisions or less-good decisions and you have to decide; somebody has to and that is what you are there for. I would not go for the word consensual. I would go for the word that understands how the private sector works, that has the interests of the wealth-creating community as a priority. In other words, people have to be able to see a profit or they will not invest and they should not invest. That recognises that there is huge energy and initiative and enterprise tied up in that process. However, you have to have a wary eye because there are some pretty sharp people out there. If you get them on side, they can put a lot of money up, they have ideas.

This is something you may be interested in. I am now some way out of date and have not checked this, though I doubt it has changed much. I once went to Hokkaido, which is the tip of the northern island of Japan. From about November to March it is under permafrost, absolutely solid ice. The directly elected Mayor of Hokkaido gave me a briefing – and this much influenced me about City Challenge and all that – as to what he was going to do in Hokkaido. What he was going to do was to make it one of the world's great cities by the year 2000 and whatever it may be. I was rather impressed by this optimism. He had an agenda if I remember correctly of about 300 initiatives that were going to make Hokkaido world class, some of them public sector, many of them a mixture of public and private sector. He would have been the first person to accept that of the 300, probably 150 never saw the light of day, but he would have another 150 by then. His job was to corral anybody in sight from the local vice-chancellor of the university, to the head of the local health service with research facilities, to the local companies, to the local anybody who wanted to make Hokkaido excellent. He was on their side and the way the system worked in Japan is that if Hokkaido could produce good ideas and money, the central Japanese government would help to fund it. However, it was all generated locally and the mayor was in the business of absolutely drawing any source of quality he could out of the people in his community. That was where I began to think about these things. Consensus, no. There

are bad private companies, there are bad public organisations. You cannot have everybody on side. You have to have the judgement as to which to go for, who has the money to put up, who has the new idea, where is something you want to develop. That is not called consensus.

**Valerie Shawcross (AM):** Thank you very much for that, it was very interesting. One of the things we grapple with and I am sure you know this is that we struggle with standing in line waiting for funding for major capital projects. I think perhaps some of the questioning from my colleague Andrew (Judge) is about how we mobilise more resources to do what we see we need to do in London, particularly with the transport infrastructure. This is something you have had enormous experience of. Do you think there is a case for special powers, special flexibility for London and its government to seek and raise capital for infrastructure in London, or do you think we should stand in line in the queue with the rest of the localities in Britain?

**Rt Hon Lord Heseltine:** You now have the Private Finance Initiative (PFI) which in a sense enables you to go outside the traditional role. To the best of my knowledge, we do not have Local Authority Bonds any more. That has all gone, I think. Subject to central Government being prepared to live with it, there is no argument that I know intellectually that says it is wrong for a city to raise money. It always used to happen and if you were running the city badly you would not raise money or you would pay a great deal for it and the mayor would be answerable. Once you start thinking in terms of local autonomy, options open up. On the other hand, unless one was going to devolve all the cash raised in London back to London – and that would be very difficult because you would then not have any money to give to the rest of the country – I do not think you will avoid the dependence on central Government to a significant extent. What you can do is to get the private sector into partnership arrangements which deliver significant funding for certain things. I have just been talking today about somebody who is seeking to make a major commitment to dock facilities in East London, very large sums of money involved.

**Valerie Shawcross (AM):** We can maybe do that when the cycle is at a healthy point, but it is sometimes when things are in the doldrums that you need to have the infrastructure investment started.

Can I just move back to the point about city representation? I appreciate what you were saying about the conductor of the orchestra role of the Mayor or indeed of any politician, but sometimes you need clearer, more fixed constitutional arrangements. At the moment the financial services sector in London is largely represented by the structures of the City Corporation, a medieval institution that does many good and useful things. Do you think that might need an overhaul for the modern age? Do you think in a globalised economy, the business sector in London is going to be adequately represented by a structure like the City Corporation?

**Rt Hon Lord Heseltine:** If it is not broke, do not fix it. If you take on the City of London – the Corporation and the Mayoralty and all that – you will just have

a big row. They love it, and the Lord Mayor travels extensively and does lots of good and worthy things. It does not do any harm and it is hundreds of years of tradition so get round that one. If you want to talk to financial institutions or whatever it is, there are plenty of ways you can do that without turning upside down hundreds of years of British history.

**Valerie Shawcross (AM):** Okay, that is useful advice. We will take that. The other thing is the discussion you were just starting about the under-performance of education in London and the incredible significance of education to our city in this economy. You mentioned GOL. You were in at the creation of the regional offices and we are in further down the line when there has been a degree of mission creep and perhaps a loss of the original vision. One of the things we do experience for example is that we have a London Development Agency (LDA) with its budgets and its mission and perhaps more of a focus on capital, and then we have a GOL which handles much of the social regeneration money, and equally we have Learning and Skills Councils (LSCs) which fund post-16 further education coming again down that separate institutional line. Do you think that our economic regeneration, training and education capacity is coherent enough? Is the institutional framework joined-up enough in London?

**Rt Hon Lord Heseltine:** I would not think that in the hands of central Government it is joined-up enough. That is not the way that central Government works. They have those massive departments and they will have their London directorate whatever it may be, and you do have the London office, but I would be surprised if there is a really effective machinery within central Government, or ever would be, frankly, that would span across all departments. I think the voice is now more coherent, but I doubt if the being behind it is more coherent. I then go back to where we started off: a lot of the things you just mentioned would seem to me more appropriate to be delegated to a mayoral function. I do not see why you have to have central Government effectively making these decisions about London. It is perfectly desirable to have the things you were describing maybe. They may be right, they may be wrong, but they are local decisions, or they could be local decisions.

**Valerie Shawcross (AM):** One last thing if I may, Chair. I remember in your speech you talked about what the vision of this city might be like in 50 years or so and you mentioned the universities. We have not touched on the universities in our examination of governance in London and yet actually as somebody who represents a relatively poorer area of London, I am incredibly aware of the value of the London South Bank University (LSBU) and what they do for the local economy, for the local communities. What role and what relationship do you think the universities in London ought to have towards London governance and regeneration?

**Rt Hon Lord Heseltine:** I am back to my Mayor of Hokkaido. The Mayor as I envisage it would have exactly your views as to what a university can do outside its prime function of educating people to very high standards. They have a very considerable regenerative opportunity and impact on an area. I

would assume that the Mayor would have a relationship with the principals of those universities and say, 'What is your plan, what is your strategy for this university and how can I help?' If you get to the stage where they do not have a strategy and you do not have any confidence in the people, there is an issue to be faced and how you face it is an issue I do not have an immediate answer to. As we do have in this city some world-class universities – it would be invidious to choose but let me take Imperial College which quite obviously is a world-class institution and does play a significant role, but could it play more? I do not know because I have never talked to them, but if I were Mayor, I would certainly be talking to them very closely. It is all going back to the concept of what more do you want, what more can we do, where is the excellence, how can we bring people in to help you if you want to start up facilities, small-business regeneration, intellectual property being developed in the locality – all the things that one knows. The thing that is so interesting about this sort of concept is that neither you nor I nor the Mayor can know what they would say. If you went to the Principal of Imperial College today and said, 'Look, we are in the business of making this city the best in the world – do not ask me to define 'best' because you could write a book about it. That is my job as Mayor. You are a very crucial part as a leading world university. Show me if there is anything that is appropriate for the Mayor to do to help you, to support you, to open doors for you, whatever it may be.' Now, you have no idea what that Principal might say, and you have to be sharp enough to see whether you get the right answer.

**Valerie Shawcross (AM):** I think, sadly, the problem is that we might, because you can track it backwards from the priorities of the Higher Education Funding Council (HEFC). We have had the LSCs in and they talked about national targets for the further education sector and how they are delivered locally, so it reinforces your point about top-downness and I just wanted to bring that out.

**Rt Hon Lord Heseltine:** When you start using that language you bring a chill down my spine.

**Valerie Shawcross (AM):** That is partly why I think it needs to be in the debate.

**Rt Hon Lord Heseltine:** Of course it needs to be there. When you think of that, and perhaps I am in the slightly privileged position because I have actually been a cabinet minister in some of the largest departments, when somebody says to me, 'We have the Government strategy here and we are going to have this, that and the other and it is all going to be done and measurements and outputs and so on.' I sit there and I say, 'Who did all that? Who worked all that out?' Some committee would have worked it out and there would have been compromises. Nobody wants to rough up too many people and Buggins has to have his turn and the Government is unpopular so we do not want to push it too far – all the things that are the real world and then you have civil servants. The civil servants in most cases will not be experts in the field in which they are presiding because the lateral promotion process of the civil service means you do not go up like a production manager

or sales director, you go across. You are doing water one day, housing the next, environment the next on a two-year basis. When you reach the stage when you are taking decisions, you have a lot of experience of how to run a machine, but you have no knowledge of what is going on beneath you so you are dependent on advice. Who do you get the advice from? You go to everybody, and by the time you get that sort of advice, you have a huge great cotton-wool ball of views and you have to try to sort it all out. This is a great country to live in but the fact of the matter is that it is not called dynamism.

**Murad Qureshi (AM):** You give the impression that an all-powerful Mayor would be the best way forward, but I am just wondering where do local authorities fit into this? We have 32 of them in London, 600-odd councillors. They do not seem to be in your picture.

**Rt Hon Lord Heseltine:** They are in my picture because I go back to the word subsidiarity. If you want to get the Mayor into a more powerful position, I can tell you the way not to do it and that is to take on the London boroughs. That is the one sure way to stop yourselves in your tracks. You will have the most god-almighty row on your hands and I do not believe for a minute there is a Government that I have ever seen that has the stomach for that sort of battle. Therefore, you have to find a way through. Let us start with subsidiarity. Take education, I have already defined what I think makes a lot of sense. Let them go on running education, just take away from central Government the failing-schools policy. I do not see how any local borough is going to complain much about that. Housing – well, let them go on running housing. I would be very surprised if you could persuade me that there is some great strategic argument that says the Mayor has to run housing, I would be surprised. Planning is harder. Probably you would have to rely on call-in powers to take big decisions. By and large my experience of local government is that if there is something in it for them like enhanced rateable value and all that, authorities are quite amenable to being constructive. Central Government have them anyway: call-in powers, appeals processes. My advice to you would be not to take on the boroughs.

**Murad Qureshi (AM):** I was not suggesting that, actually. One of the things we have looked into is enhancing the role of councillors in some way as local champions and urban parishes was something we looked into. I do not know if you have any views and opinions on that formation.

**Rt Hon Lord Heseltine:** I do have views. I remember going through all this in the 1970s and it sounds a very cynical view and perhaps it is but I will tell you what I thought. We had to fight the county battles, we had to fight the district battles, we had to fight London battles. We need fighting parish battles like a hole in the head. That is what it would be: they would become party political and in the good years you win them, the bad years you lose them. The moment you lose them, you stand in the way of anyone who has won them. I thought no, Britain has survived for 1,000 years without them. Well, no, I suppose we did have them once. Anyway, that was pretty low down my scale of thought.



**Councillor Andrew Judge (ALG):** Just before I ask my question, you might be interested in this. Last week I went to a meeting of the Deptford Challenge Committee which is the body that emerged from Deptford City Challenge when its five years were up. It is still there, using its legacy, making grants to local organisations and making a difference in that area. In a sense, the question I want to ask stems from not just City Challenge but the range of neighbourhood-sized bodies that have come since. In Lewisham alone we have a New Deal for Communities (NDC) area, we have a Single Regeneration Budget (SRB), we have four Neighbourhood Renewal Fund (NRF) wards and you talked about over-government at the city level. I just wondered if you had a view as to whether those kind of time-limited creations that have been with us for more than 15 years though they last for different periods of time actually are helpful or whether they get in the way of changing things locally.

**Rt Hon Lord Heseltine:** They came into existence about 1991, something like that, so they have been there now for 14 years. They were intended to last for five years. Initially they were five years, £7 million over five years, £35 million that is what it was. I am very interested to know they have survived. I think probably that is a very benign thing. There will be local enthusiasm and local cooperation, dialogue and initiative. I cannot think of any reason why not, unless the danger is that they think they have a divine right to exist on the public purse. That I would not accept. I am all for setting up organisations to tackle a particular task, but not to put one more body onto the public purse.

**Councillor Andrew Judge (ALG):** We have touched upon the role and relationship of the boroughs. We have not particularly talked about the size of the boroughs. There do seem to me to be two conflicting pressures. There is one pressure that says we need to operate at the level of the individual community of 5-10,000 people. The boroughs cover 200-250,000. There is another pressure that says that actually to make things happen we have to work at a sub-regional level. Again, I wondered whether you had views about whether we were getting that right or whether we needed to review that.

**Rt Hon Lord Heseltine:** I think as you described it, it is horses for courses. It is subsidiarity: let things happen where they most appropriately should happen. Do not fix it if it is not broke. The areas of City Challenge were defined by what patently was the urban stress of that area and they did vary between 10-30,000 people. That was a break in itself you realise. From the early 1980s, we only did derelict land and we used Peter Walker's (Secretary of State for the Environment, 1970-72) derelict-land grant to come into the cities. It was all about getting rid of mining waste and mineral extraction waste in the countryside. We then brought it into the urban area and we made additionality a condition of it, but we only did derelict land. The City Challenge was new in that it was on a bigger scale and it covered people which except with the Urban Development Corporation (UDC) we had not done. I think that is my view. Do not try to be too prescriptive. Let a thousand flowers bloom.

**Graham Tope (AM):** Thank you. You have talked about subsidiarity rightly, I think, as a sort of bottom-up approach. If we follow that it implies pretty substantial transfer of power from the centre, whether that is the centre of government or centre of London, downwards. Traditionally, central Government – whether that is the monarch or modern government – has been very wary of London power. I do not think it is us you need to convince about transferring power, it is central Government you need to convince. Central Government, increasingly driven by initiatives, needs London to deliver those initiatives. How are we going to persuade central Government to devolve power to London at whatever appropriate level and to let London govern itself?

**Rt Hon Lord Heseltine:** In realistic terms, I think you have to let the parties fight it out. Opposition parties need new policies; they have to have new solutions to often old problems. Whichever party is in power is going to defend the status quo or recognise the game is up and begin to modify, but modify as opposed to radically change. The Opposition party is going to say, 'No, no, that is tinkering. What we need is a new approach, and it has to be local people. Cut the waste and the overheads.' I do not think you can avoid the party politics of it and if I could advise my party, I would tell them to go big on local mayors and devolution and get on with it. They would use that as a weapon to attack and provide an alternative to the present Government.

**Graham Tope (AM):** I do not think there is anybody who wants to avoid party politics. Most of us have spent our life in party politics; most of us here have been London borough council leaders and some of us still are. Even the Opposition parties these days are still needing local government and in this case London government as the delivery mechanism for the initiatives that they come up with as part of their policies. Anyway, I am largely with you – not wholly about elected mayors but certainly about devolution. What I am trying to get at is in a realistic world, how are we going to persuade the central political parties, not just central Government, to let go of power?

**Rt Hon Lord Heseltine:** You can persuade Oppositions to do it. When I was first a member of the cabinet in 1979, we came in to cut the size of Government departments. I slaughtered 68 quangos in about a month, one more than Keith Joseph (former Secretary of State) for the record. One luxury you do not have in Government is experience. I did quite a lot of local-government reorganisation and there was always in the schedules – the bits that nobody looks at – the transfer of staff arrangements. We all thought we were in the business of huge savings and so on. What actually happens is that in the reorganisations that take place, everybody who is employed before the reorganisation is employed after the reorganisation. If you had a structuring of London government in order to transfer from the central to the local, you would not do what I would do if I was starting a company in Liverpool for example – I would start with an empty office and recruit the people I wanted. You would actually find that 10,000 people arrived here on Monday morning saying, 'We have come about the jobs.' They would be transferred to you. The idea that you are going to have a clean piece of paper and start again, that is not the way it works. It could work that way, but that

again would then provide the Government of the day facing the Opposition saying they are going to have a restructuring, 'You are going to kill all the jobs.' The Opposition have to say, 'No, no we are not. We are going to transfer all the jobs to the new regime.' Having been through this process myself several times, I can describe it to you but I do not have a way of avoiding the dilemma that faces either party.

**Graham Tope (AM):** Whatever the rights and wrongs of local-government reorganisation I do not think it ever delivered fewer jobs.

**Rt Hon Lord Heseltine:** Probably more.

**Graham Tope (AM):** I think you are probably right. I want to try to summarise what you have said to us about governance, without misquoting you obviously. It started with subsidiarity. What you are I think saying to us, is that the London boroughs – we will leave aside what number, 32 at the moment – should each have an elected mayor with minimal inhibition on the power exercised by that elected mayor; that Greater London should have an elected mayor with similar minimal inhibition on the power. That concentrates a lot of power in a relatively small number of hands. I believe that one of the reasons that London governance is now so complex is because successive Governments have sought to diffuse power so as not to have too much power in too few hands in London which is so dominant in the United Kingdom. How do we overcome that?

**Rt Hon Lord Heseltine:** I do not identify that as part of a thinking process that I remember. I do not think that is how it was. I think you could put it a different way and that is that in this small country, national press, Government is responsible for everything. Losing control is not that attractive. The most obvious example was to let local authorities put up the rates and they would be held accountable by the electorate for the rate increases. Not a bit of it. Central Government was held accountable for the rate increases. In fairness to local government, it often was central Government because they cut the grant or did not increase the grant enough. It is a more complex argument, but the political side of it was to blame the Government more or less for what goes on. That is why central Government clings on. If you have bad education results, people do not say... After all, the education authorities in this country are broadly local authorities and there is nothing on earth that I am aware of that could have stopped them sorting out failing schools, but they did not do it. Central Government is blamed for the bad education and it is no adequate answer to say, 'We do not run the schools.' People say, 'You should run the schools. You have to do something about it. Little Willy failed because you did not care.' That is the problem, that central Government is reluctant to expose itself to the choice and risk that goes with it that I have to accept is built into my ideas. However, I think the upside is worth having.

**Graham Tope (AM):** Can I go back to the line of questioning Bob Neill was following on the Government Office, particularly GOL. I assume certainly I do not question the principle of the regional offices as you described earlier on, but as Bob (Neill) said, we have now moved on. We have a form of regional

government in London – you can argue whether it is region or city-region or whatever – yet GOL has actually grown in the five years we have had a form of London government. Much of what it does many have argued to us and we are persuaded could and should be done by the different tiers of government, whether that is the GLA or not. Yet, it is still central Government holding onto GOL as its delivery mechanism for getting its initiatives through. Would we not be better saying that GOL, given that London uniquely in England is a form of regional government, should be a relatively small liaison office for want of a better term between central Government and regional government?

**Rt Hon Lord Heseltine:** To me, what that would mean is that the execution of the Government's policies would be conducted in Whitehall as opposed to the office of the Government to which presumably they have been transferred from the Whitehall departments to the Government Office. In other words, I think it is a purely reorganisational process within central Government that you are describing. What we were talking about at the very beginning is that if one was approaching this thing with a clean piece of paper, one would say, 'Should these things not have been transferred to either the borough or the Mayor?' That is the question. Why I was critical of the present plans for the Mayor is that I think it was a grudging gesture and there was no real will to create the all-powerful Mayoralty I think a capital city is entitled to have, and not just a capital city but a major conurbation.

One thing you have not asked me about, to expose the full horror of my views, I actually think there is another extraordinary anomaly about the way we run this country and surely as a borough leader you will love this. We now pay the chief executives of the major authorities what is by any standards a very good salary. In London this would not be true but if I go outside London, my own gut instinct is that the chief executive of most of the local authorities outside London is in the top 5% of the incomes of the people living in those areas. It may be 6%, it may be 10%, but looking at the sort of salary they are earning and having some idea of what people do earn in public and private sector, my guess is that the chief executive of a major conurbation, of a major metropolitan borough of a major county is in the very high percentage. What about the leaders? Rubbing along to try to get what they can out of the expense accounts. It is absolutely preposterous. It is such an amateur approach. My own view is again that if you were running Birmingham, London, Newcastle, Leeds, it is a bigger job than some cabinet ministers. Not all cabinet ministers, but certainly a significant number. I would run Birmingham rather than be – no, I am not going to say what, but there are a significant number of cabinet jobs I would not trade for being the elected mayor of Birmingham.

**Graham Tople (AM):** That is an appropriately populist line to end on with this audience.

**Councillor Merrick Cockell (ALG):** There is of course a vacancy for the Chief Executive of Birmingham, should you be interested. It is quite a challenge. Sorry I was late, I had to deal with London Underground and closed Jubilee Lines, so sorry if I ask anything you have already dealt with in

your comments. I was going to ask something else but actually your last comment on the pay scales of chief executives and borough authority leaders and I have – not surprisingly since I am a human being with a family – some sympathy with this rather strange position under this Government where so much additional individual power has been given to so few in the boroughs. There are 10 members in the executive, you cannot have any more than 10, all the decisions are taken by the 10. We are all now on what might have been allowances but really have become salaries, but in my case and I suppose most the level we accepted from the ALG recommendations was something around if you took it all the equivalent of a backbench MP or a little bit less. I do not think any of us actually take that, but I think that was somewhere around the level whilst quite a few of our chief executives are almost certainly on £170-200,000 a year. 19 years ago when I went to local government, my august colleagues in Kensington & Chelsea especially the older ones who perhaps did not need it looked down on us in our 20s and said, 'Of course, you do not take allowances here.' The years you actually needed it, you did not take your allowances because your superiors told you that was not the thing to do. I am glad that has all changed because there are problems with that. We have all got sucked into the system now. I suppose you might say that if you are all sucked into the system you might as well make a system that actually works. An example of this is that there is no movement. I am finding with this election and I do not know whether those in other boroughs find this that there is an inertia about new blood coming in. If you are retired, a £10,000 backbench allowance is a couple of quite nice holidays. Now that there are pensions available for councillors as well, it is solidifying what in the past moved much more quickly, with perhaps people coming in in their 30s, moving out in their 30s and coming back perhaps when they had established themselves professionally. I wonder if you have any thoughts on that side.

The question I actually wanted to ask was again on subsidiarity. You can look at London overall and see the major services and see the Mayor as a role, but for a lot of Londoners, they see themselves as Londoners but they very much see themselves as from not even a borough but an area of a borough: they are from Kensington, or they are from Hoxton, or Walthamstow or wherever it may be. Do you think there should be a right for high-performing authorities, good or excellent under the Audit Commission tests, right of intervention by those local authorities over failing public services? For instance, many of us have Primary Care Trusts (PCTs) that are in dire straits with incredible overspends that are in real problems, or indeed the police locally? Do you think there should not just be a London-wide role but that at a local level we should be able to intervene?

**Rt Hon Lord Heseltine:** I do not think I would go to borough level with either police or health which I think is what you are asking, but I did say earlier on that I now think there is a powerful case of going to mayoral level.

One of the charms, going back to your first point, of paying properly directly elected mayors is that you would have to fight a much wider constituency to get elected. The problem with councillors who can represent very narrow

community bases of either extreme, extreme poverty or extreme wealth, but are immune from the wider accountability. A Mayor would not be able to do that and it would I think have a quite interesting effect on the kind of people who were elected and how they campaigned and the balance of their way of dealing with their communities. If you couple that with the competitive bidding for funds, it would have quite an interesting effect. I would pay them properly. You could save the chief executive's salary and pay the directly elected mayor.

**Councillor Hugh Malyan (Chair):** Very popular recommendation. We have been at it a fair while but there are just a couple of points I want to return to before we finalise. You talked about the business rate earlier and you very openly said you were speaking with your businessman's hat on about feeling rather exposed about it. I think this Commission is very much trying to take that on board and trying to find – philosophically speaking at least – a middle way between the situation about local authorities having no influence over essentially a nationalised rate, and still until a couple of years ago having the ridiculous situation where we were still legally bound to consult with our business communities each year on a rate over which we had absolutely no influence whatsoever, although that has been done away with now. Trying to find a middle way between not scaring the horses if we are being honest, but also trying to introduce some sort of local influence, and one of the ideas the Commission has looked at is a sort of local variation rate, up to 3p in the pound type variation rate. There would be a national rate or possibly even a London rate but probably staying with a national rate, but local areas would have some variation powers within limits so that nothing could go too tremendously wrong within an individual area, but where there would also have to be heavy consultation with the business community on that. It would have to be specific on a plan for some particular issues in that authority's area: an area that was economically fragile, needing some extra support, infrastructure, whatever. Could you envisage that going down slightly better with the business community as a whole, a local variation within known parameters?

**Rt Hon Lord Heseltine:** I think all of us would believe and I certainly would that whatever the maximum level fixed would be the attained level before you could flick your fingers, so it would just be another way of authorising an increase.

**Councillor Hugh Malyan (Chair):** What about organising some formal method for the business community to vote on that variation?

**Rt Hon Lord Heseltine:** If you give them a vote, they will vote no. I do not know what the support from local communities has been on the closed-circuit television (CCTV) for city centres. Somewhere at the back of my mind I know that local authorities tried to raise money from the local business community for CCTV and they may have succeeded there. That is a very targeted, very specific and very self-interested option for the business community, so if you are talking about that sort of thing, it was done voluntarily. By and large, the

business community will be very suspicious of anything that says there is a discretion because they know it will be grabbed.

**Councillor Hugh Malyan (Chair):** Thank you for that. Finally, you talked earlier about your belief and you used the expression 'Do not touch the boroughs' in this relationship between central Government and local government. I wondered if you knew just how weak local authorities actually are now. I would assert that they are probably at their weakest in terms of those matters that they control, have influence over or direct power or decision making over they are at their weakest ever at this moment in time. Whether this present Government – and I speak as a member of the party of the Government that is in presently – has been even more successful than the last Government or more subtle in some of its ways of taking power to the centre I do not know. Whether it is in matters of education – and I mentioned to you earlier that there is a whole system of ring-fencing and passporting to do with budgets now that have virtually taken local authorities out of the whole decision-making process with education right down to how much budget goes through the school.

The other big one that traditionally local authorities have dealt with is social services and there is again although more subtly a whole raft of directives from central Government around social services. You even get into the mind-boggling spheres of planning applications where the Office of the Deputy Prime Minister (ODPM) insists through inspection regimes and other things that so many planning applications will be dealt with in an eight-week period. There is a great deal of central Government control at the moment. You mentioned when someone else brought this point up that you had not thought that had been the thinking behind what you yourself had been doing some years ago. It crossed my mind using Graham's (Tope) phrase about the central parts of the political parties rather than the local parts of the political parties, you said that Oppositions are the best to change. Probably most people would go along with that to a degree, but there really is around today this idea of those with a central view of their parties and a local view of their parties we are not even absolutely sure it is a straightforward party-political issue, even on the grounds of an Opposition being freer to do these type of things. What do you feel about that? How can we bring about this change? All of us including you spend a lifetime in politics, sometimes a very short period of time in the big house up the road. Is there a senior civil servant when you have finally got there whispering in your ear, 'Minister, well done, you have got here, but you probably will not be here for very long. Do not let local government get in the way of the fine schemes you want to put through. We all need to override it?' Is it really Whitehall and senior civil servants that are behind this, rather than leading national politicians like you or leading local politicians here? Has someone else got us all bickering?

**Rt Hon Lord Heseltine:** We are all human and what I have I hold. It is not very complicated. People do not tend to give up power. Then there is the risk. I spent quite a lot of time dealing with deregulation. There is a huge rhetoric associated with tearing up the forms and getting civil servants off your backs and so you deal with the fire regulations. 'Well, Secretary of State, we

could have a bonfire here, but what happens when there is a bonfire out there, and you are the one who put the match to it by allowing all of those uncontrollable hoodlums to have street parties on a Saturday night when everyone knows they are drunk? It would not happen to you, Secretary of State, but it is quite a risk.' I can perm that argument a thousand ways. I have heard it all a thousand ways.

There are many things. First of all, what I have I hold is human nature. You do not give up power easily. Secondly, there is a risk in giving up power of the sort I have just parodied. Thirdly, Ministers are not that interested in management. What we are talking about is a very, very arduous task because of this huge panoply of control we are talking about which is like a web all around. I know quite a bit about it. Okay, you have arrived, I am the new Secretary of State, I am in charge. We are going to devolve power. 'Oh, very good, Secretary of State. Here is the latest count of regulations that we have. Which ones would you like to get rid of?' You look at this pile and where do you start? It covers every sort of aspect of every part of modern life. You have to say, 'Well, I think that one is wrong and that one, and we will get rid of this' and by that time, the Prime Minister is on the phone saying, 'Look, I do not know whether you have noticed but we have a major crisis in the North East where one of our guys has done such and such and you had better get up there.' You leave your pile behind and after three months you have forgotten the pile. Again, I am only half joking. To go through that and work out in detail how you are going to separate these powers, bring it about, get the legislation, get the back-benchers on side and protect yourself from being accused of being a vandal. By this time, do not forget, the party you have replaced will be in opposition and they will be going through this list of controls and they will have hysterical forecasts as to what is going to go wrong. Fire is the easy one for everyone to understand, but take the environmental controls. There is a regulation on waste disposal. I earned my reputation making the sort of speeches I am now laughing about. You can exaggerate to the n<sup>th</sup> degree; read the national press every day, they do it professionally. You have them, they would also be there. You are just about to devolve all these powers for fire and the environment and leaks and nuclear waste and disposal of this, that and the other: just imagine the headlines you would be getting. Who was the great conquering hero getting rid of the bonfire of controls is the guy who is about to see the old people burned to death because you took away their safety nets. This is what it is about. It is not about saying we have to have this degree of control because we are frightened of local government. That is not what it is. I do believe that there is steam behind this in terms of an Opposition saying we are going to recreate the dynamism of Britain's urban areas.

**Councillor Hugh Malyan (Chair):** Could you see the case because of this country's tradition of a strong central Government, pretty weak local or what other government, could you see the case for a full constitutional settlement of some description to protect local government or regional government or whatever from the rampaging centre?



**Rt Hon Lord Heseltine:** No, no. Civil servants are problem enough but the lawyers, I tell you, no. I do not think that is a good idea. However, I do not accept your view about the over-centralisation historically. I think that major things have happened since what Manchester thinks today, Britain thinks tomorrow; Birmingham the great city of chamberlains and so on. I think that historically the founding fathers, the great industrialists, the great philanthropists of the 19<sup>th</sup> century were much more individualistic, much more proud and much more powerful in their communities than the equivalent today. I think one of the things that has happened and it has happened in both the public sector and the private sector, today the public sector is large, it is crony – and I did not say I thought it was Labour crony – it is cronified. Parties come in and put their like into positions of power. The people who come in and want that sort of power tend to be very happy to comply with the prevailing ethos of the day is; they are not going to rock the boat because the glittering prizes are up there to be grabbed. Hang on in there and we will look after you – it is what goes on. You have a creeping process of compliance as the state more and more influences what goes on; you have more and more centralism as central Government becomes more apprehensive about the pressures of failure and so they want more and more power and want more and more people to do it.

On the other side, on the private side, until the middle of the 1980s – there has been a significant change since then – you had the financial institutions and the major publicly quoted companies taking over private wealth. The entrepreneurs whose names were emblazoned all over Britain's provincial cities in the 19<sup>th</sup> century became the branch managers, and the branch managers did not want to rock any boats and anyway they were pretty busy and they did not make money, they were not wealthy, they were not able to devote any time to the local community. The local community probably did not want them to devote any time anyway. You have this polarisation but the centralisation that went on in the 20<sup>th</sup> century. I think myself that is still the case in the public sector and we are talking about that. In the private sector, the Budget of 1986 I think transformed the profile of wealth in this country. For the first time you had the recreation of individual wealth on a massive scale. Now there are countless private sector companies making millions of pounds a year privately owned. You see it. Go round and address audiences in the provinces today, they are totally different to what they were 20 years ago. Total sense of confidence and resilience and individuality, and the branch-office phenomenon is nothing like as powerful as it was. If it goes on and I think it will go on because I do not think that central Government today has the capacity to change the tax regimes because the international, global pressures on them are too dramatic to buck the system actually, so I think that individual wealth and private entrepreneurs are on the upsurge and I think that will be hugely helpful to local communities and one of the things one should build on, take advantage of it.

**Councillor Hugh Malyan (Chair):** Thank you very, very much for that. It has been really good. On behalf of all of the Commission can I thank you very, very much for coming and giving us your wisdom and your past experience today. It has been extremely useful to us.

**12 July 2005**

**Commission on London Governance: Fifteenth Hearing**

**Evidentiary Hearing with Rosemary Scanlon, Former Deputy State Comptroller for the city of New York and Ester Fuchs, Special Advisor to Mayor Bloomberg.**

The fifteenth hearing of the Commission on London Governance heard from Rosemary Scanlon and Ester Fuchs about the City of New York.

**Present:**

London Assembly  
Bob Neill (AM) (Deputy Chairman)

Darren Johnson (AM)  
Graham Tope (AM)  
Murad Qureshi (AM)  
Richard Barnes (AM)  
Valerie Shawcross (A M)

Association of London Government  
Cllr Hugh Malyan (Chair, chaired the hearing)  
Cllr Cameron Geddes  
Mayor Steve Bullock  
Cllr Steve Hitchins

**Transcript**

**Hugh Malyan (Chair):** We will go straight on to Item 4, the evidence hearing, and a very, very warm welcome to Rosemary Scanlon and Ester Fuchs. Rosemary (Scanlon) is former Deputy State Comptroller for the City of New York and Ester (Fuchs) is a former Special Advisor to Mayor (Michael) Bloomberg (Mayor of New York City). I thought she was still heavily involved, but not maybe in that formal capacity at the moment?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** I still am formally there.

**Hugh Malyan (Chair):** I beg your pardon, but not the Special Advisor to Mayor Bloomberg. I am so sorry.

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** That is okay.

**Hugh Malyan (Chair):** I am grateful that Ester (Fuchs) and Rosemary (Scanlon) have agreed to give us a short presentation to start with, to warm up and to give us all a cultural idea of where we have gaps in our understanding of what New York does, what it is up to, some of the issues it has coped with recently. Then we will go into our usual and more informal question and answer session immediately after that.

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** I thought what I would just do is provide some of the formal, structural background to how New York City government works and then talk a little bit about some of

the initiatives that the mayor has engaged in – very briefly – on reinventing and reorganising government. In 1989, New York City had to completely restructure its local government because of a decision in the Supreme Court called *Morris v. Board of Estimate*. As a result of that decision, we have our current government structure in place right now. The premise there was you could not have representation in a borough system that did not coincide with the one-person-one-vote rule. We had something called the Board of Estimate. The five borough presidents had representation on that board and it was a quasi-executive-legislative body. Staten Island, which had maybe 150,000-200,000 people at the time, was getting the same one vote on that board as the borough of Brooklyn, which in the United States (US) is still considered the fourth largest city if it were to secede from New York City. The outcome is the current government structure. There was an elimination completely of this Board of Estimate and most of their powers went directly to the city council.

Currently, we still have three city-wide elected public officials: the mayor; what is now called the Public Advocate, who used to be the former president of the city council – this is a very much weakened role, the Public Advocate is still trying to figure out what the Public Advocate is supposed to do and none of us seem to really know at this point; the Comptroller, which has oversight over city finances and contracts. We still have a borough president – a very weakened borough president – which is voted on by voters who live in each borough. We still have five borough presidents and we now have a 51-member city council and when the city council was given more broad powers in the 1989 charter revision, it was also determined that it should better represent racial and language minorities. We went from 35 councillors to 51 councillors, partly to improve the representation of minorities. Then in 1993, a referendum was put on the ballot, which is actually quite difficult to do in New York City, and that created term limits for all the elected officials in the city. You can no longer serve for more than two terms or eight years in office if you are any of the city-wide elected or members of the city council. Later on, if you want to, we can talk about the impacts of term limits but they have certainly not been neutral and probably did not do exactly what many people hoped they would do, except for turning over the city council because what we had in New York is essentially a gerrymandered city council, meaning that you were guaranteed that you would win every time you ran. Even people who had been indicted and convicted of crimes could run in their district and then they would continue to win, so the impetus to change the city council and prevent them from running for more than two terms, I think, was well-intentioned and something I personally supported but it has had unintended consequences. I will leave it at that.

The charter provides for a strong-mayor system. In the US, there is strong-mayor versus strong-council and we have something else called progressive governments, which are run by city managers and less directly involve representation of the public through elections. New York City, and most of the old north-eastern cities, are strong-mayor cities. In a strong-mayor city, the mayor has the legal authority to appoint all of the commissioners. Usually, they serve at the pleasure of the mayor. Many of the appointments are done

with the advice and consent of the city council, which is important. The mayor appoints seven out of 13 commissioners in the City Planning Commission, which is really the commission that does the city plan and zoning – and we will talk a little bit about that later – which is important for any kind of economic development initiative. The mayor's appointees dominate that commission. Then, the mayor appoints three out of five commissioners to the Procurement Policy Board (PPB). We do a lot of contracting in the city of New York and it is not just for things like pencils and staplers and computer equipment. We contract out services, primarily those in the social-service side; I have been working a lot in that area. As a result of contracting it is complex, but you need to create a mechanism for oversight and you need a mechanism for fair competition for contracts and the PPB – whether you are contracting for gravel to fix city streets or you are actually contracting for an after-school programme, we have rules and regulations governing that contracting process.

The mayor also – and Rosemary (Scanlon) will talk more about this – proposes the executive budget, which is very important in terms of the budget process. That includes the expense budget, the capital budget and the contract budget for all the city agencies. The mayor is also responsible for operations of all city agencies, which is of course very different from the system you have in place here. The mayor develops a strategic plan for the city. The mayor can propose legislation but it must be passed by the city council and then the mayor signs it into law. The city council can override a mayoral veto with a two-thirds majority vote and we have been overridden many, many times actually in the last three years but sometimes our vetoes are sustained in the courts. Once the mayor overrides a veto, usually a mayor will not override unless there is a legal issue. Did the council pass legislation that is essentially not legal because they walked into an area of government that is really the jurisdiction of the state or of the federal government? The mayor has several times vetoed legislation that is designed, for example, to micro-manage the welfare programme. That is a good example. You would look at this legislation and you would say we are doing it and it is good legislation yet the mayor chose to veto it because – and this should be of interest to you as members of an assembly, a legislative body – he did not want precedent established that the council actually had authority in this particular arena of policy. Even though there was complete agreement between the mayor and the legislature, there was a veto and in fact then the mayor takes the council to court. We have several of those court cases pending, which is as a result of those kinds of vetoes. Generally speaking, whenever this is done, the mayor tends to win in those cases because the council really did overstep its jurisdiction. It is an interesting, esoteric place in which policy takes place.

Finally, I will be quick about the budget process. We have a \$51 billion budget in this fiscal year of 2006 that the mayor proposed. While the mayor has the central role in formulating the budget and projecting city revenues, which is very important to the budget process, the council has an extremely important role in the budget process. The council has to approve the mayor's budget and there is a whole set of timelines in which data has to be reported

in a public fashion. We have public hearings around the budget that the council holds and in this period, which many people in New York call 'the budget dance', there is a lot of lobbying and advocacy that goes on at City Hall, in which things that the mayor might have cut, the city council tries to restore and depending on the fiscal conditions of the city, there is more or less flexible space for that budget dance to take place. Often in the budget, of course, tax policy, to the extent that the city may change its mixes of taxes, is articulated and much of that has to be cleared at the state legislature. We can pass a budget that has a lot of unknowns in it on the revenue side, but that is to be expected.

I will make one more point on functional responsibility and then I will just turn quickly to a couple of the tables that we put together here. New York City has responsibility for more public services than any jurisdiction in the US. In some regards, it is not typical of local government. In fact we are much more like London in terms of what is expected even though not particularly just London government but all the governing structures of London. Then New York City is like other cities in the US, partly because of the economic issues but also the nature of the populations and also the expectation of what government should do. We have jurisdiction over basic city services, which you would associate: police, fire and sanitation. Parks and recreation and libraries are also part of the New York City budget. Then, we also have responsibility, and we pay for part of it, for social welfare services which include a large Department of Social Services, a Department of Youth and Community Development, a Department of Homeless Services and we have a separate Health and Hospitals Corporation (HHC), a Housing Authority, a Department of Health and Mental Hygiene. All of these are operational agencies and either they are directly providing services or they are having oversight and policy formulation over contracted services and the city is responsible, from its own tax revenue, from its own tax levy, for large parts of the budget.

Just let me give you a couple of examples then of what we are talking about now and just some on the policy side. The mayor also produces not just the executive budget, which I have provided documents about, the mayor's office also produces the Mayor's Management Report (MMR), which is an effort to create management indicators on how well we are doing in providing the public with the services that they want and need. Some of the key areas in which the mayor has focused are on these tables that Rosemary (Scanlon) has. First, in criminal justice – which is policing – the mayor successfully continued the legacy of the previous two administrations, which is bringing down the crime rate in the city of New York. You can see on this table that since 2001, murders have declined by 25% and overall crime has declined by 20%. No one expected the city to be able to continue to maintain that drop in crime. We have a particularly talented and gifted Police Commissioner, Ray Kelly. The New York Police Department (NYPD) has had continued ComStat, which some of you are familiar with, which is a way of targeting high-crime areas if they start to appear on the radar screen.

One of the big innovations of the mayor is this telephone number called 311. It sounds on the surface to be not very significant and in fact the mayor

developed this during the campaign and when we won, he was determined that he was going to implement it. We got laughed at by the newspapers. 'Why would you be spending your money on this? There are much more serious problems that the city has to face.' Now, people cannot believe that we have done this. For New York City, in the phone book, if you had to call for information to an agency or a complaint or just general information, there were eight pages of telephone numbers. Any normal human being could never really figure out how to get whom they wanted. For something as basic as 'fix my pothole' to wanting to find out where a day care centre might be or how you should enrol your kid in a public school, it was very, very difficult for the public to navigate the information. What we have now is 311, which is a parallel system to 911 – that is our emergency number. This has, by the way, helped dramatically, the police and fire, to cut back the number of calls going into their emergency system. It has had an enormous positive ripple effect.

The public has taken to 311. This basically consolidated the information centres for 17 agencies. We developed this in-house. We had a department of information technology that we inherited from the previous administration that was essentially moribund. It did nothing. It had nothing. Everything was contracted out. This was developed internally. We did it for less money than any of the bids that came in from the private sector and the mayor took personal interest in making sure that this rolled out within nine months of the first day we took office and it continually gets better. If you have a problem or an issue, you call 311 and the operator routes you to the appropriate place to get the answer. You get a number. You get a call back to make sure that you are satisfied with at least the service you are receiving now or that somebody addressed your complaint. One of the performance measures is the amount of time that a person has to wait on the 311 line. The mayor has really taken great pains to make this work.

It is also used internally. When you look at the MMR, you will find now that each agency has some management indicator linked to 311. The mayor actually has been looking at this to see who is complaining about what. I will just give one quick example, which I love. Before 311 came in, if you called because you had a garbage-strewn lot next to your home, and you tried somehow to get this cleaned up, this was an issue that apparently fell between the jurisdictions of five different city agencies: the Department of Environmental Protection; sanitation; sometimes parks department and the Department of Transportation. This is not to mention some private-sector body that might have intervened there. What the mayor did was establish which agency had prime responsibility for responding to the questions that keep appearing over and over again and what used to happen to people was they would get shunted from one agency to another agency to another agency because you could always say, 'It is not my responsibility.' No one was keeping track, so from a bureaucratic point of view, the easiest thing to do is punt – move it over to transportation if you are in parks. People would be caught in these horrific loops and there were certain very specific problems which you could never get resolved in any kind of way. The mayor forced the agencies to sit down and determine who will have prime responsibility for these questions even if they had to coordinate the work themselves with three

other agencies. That has been enormous. That has had a huge impact on things that people thought were completely intractable in the past because jurisdiction was not obvious, it fell into four or five agencies.

The mayor also uses this obviously to track. Public calling in about potholes is a really terrific thing because you may have a system in which you are refilling potholes, but it may turn out that a particular community was very badly hit by a storm and to the extent that people call in, it helps shift the priorities of resources on where you want to start doing that work and maybe take somebody out of the queue and move them up to the front because it is, for a variety of reasons, a heavily used area that is creating enormous problems. Using the public as part of the measure of how well the agencies are performing, has been amazingly innovative. It is not a one-time public opinion poll, which is what many jurisdictions in the US have adopted to get public input. It is actually a constant feedback mechanism in which the mayor looks at this and the council also looks at this information from the perspective of their district. It has been a tremendous tool for city council districts who can make an argument, 'Excuse me but you are not focusing on my district. District A is disproportionately getting resources for after-school programmes. I can see from the mapping now. I can see from the 311 data.'

Just quickly, to give you a sense of the city funding on the Department of Education, this is an area that the mayor has really reformed. I will wait until later and I will talk more about that. Not only has he changed the structure of public education in New York, he has also increased funding quite significantly. I will not go over all these initiatives right now, but it just gives you a flavour for how radical the transformation was in the Department of Education. The mayor not only transformed education from the pedagogic side; he did it from the administrative side, which was the first thing. He strongly believed that the bureaucracy had to be cleaned up and made more responsive and that was a huge, huge part of the problem. Obviously, you need great teachers who can teach. That is big, but the truth of the matter is that we had a completely dysfunctional bureaucracy in education which was a stand-alone board of education, which mayors historically had basically denied responsibility for, denied accountability for and the mayor intentionally went to the state legislature to get formal, legal authority over education and demanded that he be held accountable in this election.

Very important in terms of economic development policy, has been the use of rezoning. We were just talking about how London has done an amazing job with its waterfront. New York has been way behind US cities and clearly London in redeveloping the waterfront from what was formally industrial and maritime use to other kinds of uses and what we required; part of the reason it has taken so long, is we needed a rezoning. We had areas zoned for manufacturing and there is no more manufacturing but developers' hands were tied here. We have been rezoning all across the city of New York to encourage commercial development, as well as residential development as well as open-space development and the city planning commissioner, I think, has done an extraordinary job because you have to work with neighbourhood

organisations and the community boards, which also have at least an advisory role on planning.

In New York, if you want to make any of these changes, as you saw with our Olympic Stadium, which finally got killed in some little esoteric corner of Albany, which is hard for most normal people to believe. You might have opposed the stadium but the idea that it was killed by two men sitting in a room in Albany that had nothing to do with New York City government is pretty extraordinary. We have quite a complex structure when it comes to dealing with the state government on economic development, but also we have a very active public in many neighbourhoods. The public has a lot of weapons to inhibit development when they think it is wrong. It is not about taking sides, and who is right and who is wrong, but you have to be able to navigate that process for economic development to work and you need to be able to understand how to use the rezoning tool.

Finally, on economic development, this has been the mayor's approach. He has had an industrial strategy in which \$26 million has been put into creating an Office of Industrial and Manufacturing Businesses. One of the most successful things that we have done, which is really interesting, is this film production tax incentives. All of these Hollywood producers would be making movies on New York and they would shoot one picture of the skyline and then they would make the movie up in Canada, where it was cheaper. We actually have an office in the mayor's office on film and media because New York is the media capital of the US and it is a very important part of the economic base of the city but we were also losing movie-production business. A very simple tax incentive programme was created for film and television to be produced in New York and it has been highly successful. Within the course of the year and a half, you can see dramatic changes in the number of productions that are originating in New York right now.

There is one more example just to provide here, which is to give the breadth of what New York City government does. We are responsible for providing public assistance in the city of New York. Part of it is funded by the federal government and the state government, but we actually pay for a portion of this from the local tax levy. That is a big caution, I will tell you. When you are dealing with restructuring your taxing system, just make sure that central government does not dump the cost of any redistributive programmes on local government. New York City would have no fiscal problems, I would say. They might have had some management problems in the 1970s – there were some really poor management things going on – but it would not have what we call the structural problem in the budget, in which we are confronting some sort of shortfall in the budget almost every year regardless. Much of that is due to the cost of public assistance, Medicaid and the cost of pensions, and education too which we fund from the local dollar, but comes in there at the state level. Those areas are really significant costs on city government and they come from the local tax base and we support it only because we have a poverty population in the city so, if you live in an outer, suburban ring, you do not have to worry about supporting the public assistance caseload, for example. There are all kinds of dysfunctions that have emerged from that in



terms of policy. For example, why should you create benefits for poor people, even if you know they work, if you have to pay for it from your own tax dollar? There are studies being done across the US about the impact of this shifting of this burden to the local governments; they call it the welfare magnet effect. If your benefits are too high, there is this argument that poor people will either come to your jurisdiction, or stay. There is actually, from the 1980s, some evidence that initially that was the case. When Bill Clinton (Former US President) changed federal policy, it changed that somewhat. In New York, the welfare rolls began going down under Rudy Giuliani (Former Mayor of New York City) very, very dramatically. We have continued to keep the rolls fairly stable, with a slight decline and most of that is getting people either into work or on to other forms of public assistance, like what are called Supplementary Security Income (SSI) from the Social Security Act, in which you are permanently disabled, you should move to that federal level.

I will stop at this point. I know I spoke too long. That should just give you a sense of the breadth and complexity of New York City government and what it is responsible for.

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** I am Rosemary Scanlon. Ester (Fuchs) and I are both pleased to be with you and hope this will be of help to you. What I am going to do for a few minutes – and then we will both stop and take questions – is look at a couple of items on New York City's economy, which I do think will look very familiar to you. The economies of both London and New York are almost identical. I had the opportunity when I was living here five years ago, to work on a study of both cities and this really stood out. I will start with the economy, because the revenues from New York City's economy so directly drive what is happening in what is going on. Let me begin with one critical item, which is Wall Street profits. I use Wall Street as a shorthand way of describing that this is the financial industry, as your City of London. You can see the peak in 2000, that is \$21 billion of the Wall Street firms, and it then dropped by half to \$10.4 billion. Believe me, when this happens, New York City's revenue base suffers enormously but everything is back up this year. We are up to at least another \$14.5 billion or probably \$15 billion in profits.

These are wage earnings in New York City. These are earnings where earned, in terms of place of work as opposed to where received, which would be the place of residence. New York is very similar to London in this sense that maybe 22-23% of the workforce in the five boroughs comes in from out of the city and I think that London's statistics are similar on that. What really happens on wages in the city is really important, especially where we have our own personal income tax in New York City. Believe me, those wages are driven to a large degree by the financial and other major business and professional services industry. Again, look at the peak in 2000, where wages were growing at 10%. These would include bonuses in the financial sector as well and then look at the drop off in 2002. Clearly, the revenue base of the city, was affected both by the recession, the dotcom bust in the US and then – towards the end of fiscal 2002 – affected clearly by 9/11. Then you can see the recovery in wages which precedes the recovery in jobs for 2004 – these

are calendar years. These are the city's forecasts and they are fairly conservative as to what they think will happen, so assume a little bit of slow down in 2006 and 2007 since these numbers are critical in driving the budget.

Here are a couple of other items. This one may look familiar to you. This is the city's unemployment rate, down by the first quarter to under 6%. Your comparable measure would be the International Labour Organisation (ILO) measure not the claimant count. Again, our tourism and tourism-related industry took such a hit after 9/11. You can see that dip from again the 2000 level. It has been a slow recovery, particularly on international passengers but by the time we reached the fall of 2004, we were very much back and our air-passenger traffic in New York's three airports were also back and had actually surpassed the 2000 peak by the end of 2004. That is really important overall on the city's tourism. Again, hotel occupancy is the same pattern; I think London had a downturn too but ours would be much sharper through this period and there is a recovery now. The green line refers to room rates; room rates are back up. This is an important one.

I have a couple of charts on real-estate taxes. New York City has its own commercial rent tax but also we have a mortgage-transfer tax and this means that the more sales there are, the higher the tax rate for the city. That would be the green line. The red line refers to national data on mortgage originations. The city can clearly track this. This is the commercial occupancy rate, which is the inverse of the vacancy rate and New York City does very well on this. It is the best office market in terms of low vacancy of any in the country. I will say a little bit on non-residential construction. Again, all of this fell off sharply after 2001 and we are on a recovery. New York is actually doing better on some bases, than the US. Our residential real-estate market has remained strong. I watch your data too because it may be that London has topped off on the fast rate of growth ahead of us. We have had increases that are 23-26% over the year on condos and condominiums in Manhattan particularly. A big question in the US is do we have a housing bubble? In New York, we do not think so; we said it is just expensive. At least we are starting to build more. The mayor has a big assisted-housing programme on the way and this would be true for all housing permits. I do not think that 25,000 housing units for a city of eight million is so high, but it is certainly a lot better than building 5,000 as we were back in 1995. Much of the issue on price increases on housing in New York City always comes back to a supply and demand situation.

Ester mentioned the budget. New York City's total budget is about \$50 billion. Of that \$50 billion, about \$37 billion in fiscal year 2006 comes from city-based revenue sources. The balance – the other \$13 billion – would be the federal share of Medicaid, the federal share of some other social services and some federal money – not a lot – on education. Most of New York City's budget is generated from funds within the city and we call these city funds. It is a combination of various property taxes, sales, personal-income taxes, commercial tax, occupancy taxes, bank taxes, Wall Street payments, etc., on taxes. It is a very substantial amount through this period of time.

This is a statistic which is probably familiar to you also in London but I thought you would be interested in this. The city's calculations of the amount of taxes that it yields to the federal government, not just to the state, versus what the US federal government spends back in New York City is a difference or a deficit of about \$13 billion and I am familiar with the studies in London. I will just conclude with a bit on the capital budget. Most of the capital spending in New York City is paid for by New York City funds, through bonding and a number of different types of bonds. The city, I think in total, has maybe \$67-70 billion outstanding in debt and for the next 10 years we have a 10-year capital strategy. It amounts to \$53 billion, so roughly an average of \$5 billion a year. It is split between infrastructure – which takes up half, a major programme underway of school construction and rehab – and then government operations are in capital, which include everything from health and hospitals to culture, libraries, parks, etc. This would give just a sense of the flow of funding in capital. We expect the outlays for 2006 fiscal year and for 2007 to be quite substantial.

I will conclude by just noting and taking a look at how New York City's economy – here measured by jobs, which is perhaps the easiest measurement to get a hold of in the US – compares with the US. The pink line is New York and you can see how our falloff in 2002 is so much more severe than in the US and our recovery a little bit slower. The US is in blue. The city now, in terms of generating jobs, is doing quite well. Government jobs are still being held back, but the private sector's – if we eliminate government – rate of growth is about 1.5%, which is what the US growth rate is. Thank you, Ester (Fuchs) and I will be happy to take some questions.

**Hugh Malyan (Chair):** Thank you very much for that, particularly with the slides. It has been very explanatory. I noticed a number of smiles around the table when you talked about the \$13.1 billion extra that New York is contributing than getting back. As you say, our figure is likewise, but I think it is even more than that. I think we are about £11 billion. We are looking at a \$15-16 billion difference, possibly slightly more. It is something we share with you, that one. Just for your information, I would like you to say a little bit more about the range of tax options, the tax diversity that you have that we simply have not got here. For your information, the Government have presently got a review underway, chaired by someone called Sir Michael Lyons, which will report at the end of this year about the balance of funding. In fact, Michael (Lyons) is coming to speak to us as well. It would be good just to hear a little bit more from you about the sales tax, public-transport surcharge and all this basket of things that you have, although we are not going to report on that specifically ourselves, this is a key future to the whole governance model in London in the future.

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** I have just a couple of numbers. I will leave this piece of paper; it summarises it very quickly. The total tax revenue for the city for the next fiscal year rounds to \$35 billion tax and fees and of that the total tax revenues expected are \$30 billion and then fees and licenses and fines – parking fines, etc. – come to about \$5 billion. Tax revenues are the largest. Within that, the

property tax is the largest single source. This would be if you own a house or are developers or owners of apartment buildings or a commercial property. These add up to about \$12 billion. Then the next largest is the personal-income tax. Ester (Fuchs) and I live in New York City and so we pay a personal-income tax to the federal government, to the state of New York and then we also pay one to the city. Until five or six years ago, commuters also paid a small tax around 0.5% or so. Then, in the flush years of 1999 or 2000, when the city was making lots of money, somebody decided they would pass a law in Albany, to get rid of the commuter tax, which became very poignant in the days after 9/11 when it was so clear what our police and fire and hospital people did for everybody, but it has not been restored yet. The mayor could have used it when he was struggling with real budget deficits.

Then, we have corporation taxes. The sales tax generates \$4 billion, the corporation tax \$2 billion. We have an unincorporated-business tax. If you are a small business or are self-employed, you also have to pay that tax. There is mortgage recording, taxes and property taxes and then there are just a range of smaller ones which add up to about \$3 billion. There is a wide array of taxes. The property tax is probably the least cyclical, the least vulnerable to an immediate downturn in the business cycle, because it averages out over a five-year period, with a rolling five-year average, but the personal-income tax and corporate taxes are very sensitive to what goes on. The mayor's team and his management and budget team watch those very clearly, but I will leave that piece of detail with you.

**Hugh Malyan (Chair):** That is great, thank you. I have one more, quick one before I start bringing colleagues in.

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** Can I provide just a little footnote on the tax discussion, because I think you covered it perfectly? Just from the perspective of this last administration, there were two interesting observations. When we had an enormous budget hole when we started, we had a \$6.1 billion hole in the budget that came somewhat from 9/11 and somewhat from the previous administration. The mayor had a number of options in terms of cutting services versus increasing taxes and obviously he looked to streamline on the municipal employee side, which is the first thing that goes, but it became clear to him that the so-called fat in the budget that everybody talks about, when you go look for it – in his businessman hat he had a different approach than a normal politician – he realised that it would be a mistake to do anything that could reduce the quality of life that New Yorkers had started to expect and that the business community had expected in the terms of the delivery of basic services and so he opted to increase the property taxes, which he did by 15.5%, which was enormous. He had to go to the state legislature to get permission to increase the taxes on New York City, which I find particularly ironic. His public opinion ratings went down the lowest any mayor had in all the years that the *New York Times* was taking public opinion polls.

In terms of the public's comprehension of what he did, it was close to zero I would say at that point. There was really almost negative impact. He did

actually put one more tax in that was, I think, brilliant. We put a tax on cigarettes and the mayor had a big plan, obviously, to eliminate smoking in public places. His view was this tax was a health tax anyway, that people should not smoke and so if it could be a deterrent to them buying cigarettes, that worked for him also. That was, I think, close to a 15% increase in the cigarette tax. It was huge. What most people do not know is that in order for the city again to get this taxing authority, it had to go to the state legislature and the state kept half the tax. Many of the taxes that are levied on New York City and across the state, the state keeps a piece of it. The sales tax in New York was 8.25%. 4.5% is state. Many of these taxes are only done in New York City and not in the rest of the state and they are then used to redistribute across the rest of the state. It is particularly complicated because of the federal system and the role of state government. If you are going to your central government for taxing authority, you have to be careful that they do not use that as an opportunity to actually increase the tax on Londoners to redistribute to the rest of the country, because that happens to us all the time.

**Hugh Malyan (Chair):** Thank you, we will look out for that very carefully. Within your speech, Ester (Fuchs), you talked briefly about management indicators and that rang a bell with me, because we have here both imposed on the GLA, but particularly on the London boroughs underneath the GLA, a great deal of performance indicators (PIs). They are not our own, although we have many of our own. These are imposed ones by central Government, so the simple question is, are all management or performance indicators within the city your own or is any inspection, assessment or PI imposed from outside either by the state or by federal government?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** Actually, that is a really good question. Probably most people in New York would not know and could not answer it. In fact, for the programmes that have federal funding or state funding associated with them but particularly the federal programmes like the Temporary Assistance to Needy Families (TANF), which is our welfare programme, and Workforce Investment Act programmes and also the Department of Education, No Child Left Behind, these are three federal funding streams that come to the city. They all come with performance indicators, and in fact, the city has to report back and some of them come with sanctions, so if you do not achieve a certain level of performance, the city actually loses money. My personal opinion – I will not say that this is the opinion particularly of the mayor but I would venture to say that on a lot of these he would agree, but I am just expressing my own opinion – is that those indicators are often completely divorced from the reality of service delivery on the ground and particularly in the education and welfare arena, it is frightening.

Partly because of work done in the previous administration, the federal government in the US is about to reform or update TANF. TANF was innovative for having a work requirement for welfare recipients but there were quite a few different ways in which you could get out from under the work requirement. There was a list of appropriate exceptions: mothers with three-month-old babies; mental illness; physical disability and a variety of things.

What has happened now is the federal government is actually increasing the percentage of individuals that have to be working and if the jurisdiction does not meet that performance requirement, the jurisdiction loses money, which sounds on the surface like a good way to manage. Okay, you are compelling the local jurisdiction to be responsible or they will actually lose money. The reality is that it is the indigent person on the ground that loses the money because the city either will not have the money to replace it from local tax dollars or is not going to and part of the reasons often that they cannot meet these performance requirements is because – given the populations they are dealing with – it is almost impossible to meet the performance requirements. There is another cautionary tale there.

Having said that, I am a strong supporter of performance requirements. I actually chaired the mayor's innovation on after-school programmes. This was an area in which there were no performance measures and in which you did not even have to take attendance to know which kids showed up, in order for the community-based organisation to get the money. They just got the money. They spent it on whatever. We got some very good programmes, only by accident because we have some responsible providers but no one could tell you which were really working for the kids and which were not and what we were really getting for the dollar. There is a balance here, but again, it is a word of caution on when you create these performance measures, a lot more has to be done on the ground and really pay attention to the service providers as well as the clients. Even if they are city government providers or government workers, they need to be talked to, to find out more about what is going on on the ground, their experience of the clients and what clients can and cannot do before these are created.

**Hugh Malyan (Chair):** Thanks very much.

**Bob Neill (Deputy Chair):** It was very interesting listening and picking up some issues which were very common although of course clearly here you have the mayor in effect providing virtually all the local government services himself and not the impact from the boroughs that we have. I would be right in thinking, when you look at it in terms of the physical footprint of the city of New York, that really is just the inner part of the much bigger conurbation, is it not?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** The actual legal boundaries of New York City are the five boroughs, but the greater metropolitan area – as you would have your Greater London – really includes two other counties, two in Long Island and one or two in Westchester and even parts of Connecticut and New Jersey, which are two other states. From an economic point of view – Rosemary (Scanlon) can talk about that – it is a huge challenge to be planning for the economic jurisdiction when the political jurisdiction is so narrow and you can only collect taxes by and large – our local government that is – from that five-borough footprint. That is why the loss of the commuter tax is so huge. We have for transportation the Metropolitan Transit Authority (MTA). Chicago's Regional Transit Authority collects taxes and has a dedicated tax for transportation from the region,

which I think is an excellent idea. We do not have that in New York and it has been to the detriment of planning the mass transit system and making it work effectively. I think we have the worst of all worlds with the MTA. The city does not really control the MTA anymore because the Governor has the majority of appointees on the board. We still end up contributing enormous amounts of money to the system but we do not have as much control over the policy and we do not get the money in, to the extent that we should, from the outer-lying jurisdictions.

**Bob Neill (Deputy Chair):** To what extent are you able to align what I suppose you drew out as the zoning, what we call the planning policies, right across the greater metropolitan region? Is there any mechanism at all where you can achieve that in terms of what sort of densities...?

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** No.

**Bob Neill (Deputy Chair):** Nothing at all?

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** No, zoning is very local.

**Bob Neill (Deputy Chair):** Is there any strategic planning arrangement for the whole of the...?

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** Not really. There is no official regional planning agency.

**Bob Neill (Deputy Chair):** Is there anything that works on a voluntary basis?

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** Just on the New York State side, the closest would be the Metropolitan Transportation Authority and then crossing two states – New York and New Jersey – would be the Port Authority.

**Bob Neill (Deputy Chair):** Those are very specific.

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** There are very specific items or facilities underneath the Port Authority's jurisdiction. In terms of being an operating or even a planning facility when it moves into a planning mode, the Port Authority is the only truly effective regional planning agency.

**Bob Neill (Deputy Chair):** I suppose if one was trying to create a strategic governance system for the whole of the greater metropolitan area, this very tight, strong-mayor model that works in the core city might be something that you should have to think of very differently if you were applying it right across the suburbs and the commuter belt.

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** You are really right. On the economic development stuff, Ground Zero and the redevelopment of the World Trade Centre site is a good lesson in what not to do or in how the dysfunction gets created because that was a site that was controlled by the Port Authority, which Rosemary (Scanlon) is very familiar with. The Port Authority actually owned that land which pulled it out of a lot of control by the city. The Empire State Development Corporation, which is run by the state of New York, had some ostensible control over that and created this Lower Manhattan Development Corporation to somehow put an umbrella over the disparate agencies. The MTA was trying to rebuild infrastructure down there for the transportation network, plus Port Authority Trans-Hudson (PATH), which is a Port Authority transportation that goes to New Jersey also had a hub down there.

The Port Authority had leased this building to a private developer at the time. There was a private developer and there still is as a main person involved in this rebuilding effort. Then there is the city and its economic development corporation trying to have an impact there when in fact we are the weakest player, legally, in this space which actually exists within the five boroughs of the city of New York. It becomes an even more difficult problem when you are trying to plan for the region. It is the fact that all of these competing jurisdictions have some say. I have a different view than a lot of people on this. Most people look at this and they will try to construct this regional approach but as long as you have a city like we have in New York that is dependent on its local tax dollars for a lot of the service delivery, there is a disincentive for us to engage in a regional plan, for example, that would move back-office space to New Jersey, which is across the Hudson River and in many ways, from an economic point of view, may have been a logical place.

We do not tax New Jersey and even our state government cannot control New Jersey and so if that business moves, we lose a huge, important part of our tax base. I have had many personal disputes with a lot of people who are not in government and look at the regional plan issue in the abstract or in a vacuum, without understanding the taxing jurisdiction problems when you start looking simply at the regional plan. You have to be careful, from a London perspective – I am using New York as I would use London – about how you construct your regional plans and its impact on the core London area.

**Bob Neill (Deputy Chair):** I think that is one thing to remember, because of the similarities we forget that we are actually comparing a conurbation with a core, are we not really?

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** There is just one thing I would add to that. I would come back and reinforce the role, even though we have this very large metropolitan area which, if you take in the whole area, has 20 million people. It is the core economic role of Manhattan. It is the pulsing centre of the economy of the whole metropolitan area.



**Darren Johnson (AM):** Is there a meaningful role in theory for the city council in this strong-mayor model and has it got some useful work to do in practice?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** That is a hard question in some ways. The city council was intentionally empowered in the 1989 charter revision to be a partner with the mayor and a real balance on city government and since it is district-based, none of the city council members are elected city-wide. The problem for the city council – if you are a member of the council, I am sure you have this here – is how do you balance your district, geographic interest with developing an overall policy for the city of New York? I think the council is important because of what I was talking about before with performance measures. Councillors tend to understand their communities and know what is happening on the ground. Sometimes they are parochial, which is by nature what happens when you have district-based representation. However, I think it is critical in any planning process to pay attention to that also because councillors tend to understand, again, their communities better than a bureaucrat who is running a sanitation department from a central office, for example.

There is a role in oversight and service delivery, I think, that the council have. They have a committee structure. Some work better than others. It very much depends on the individual member of the city council. There is a woman, for example, who chairs the technology committee. She happens to be brilliant and progressive and pays attention and I think that she has been extremely constructive in expanding the city's capacity on technology. In a couple of areas, I think, where it depends on the individual councillor from a policy side, they can have an enormous impact. On the budget, the mayor tends to frame the general outline of the budgets and there is not as much discretion as people would think in such a large budget because so much of it is mandated by other levels of government. Where the council actually plays its big role is in what is called member items and in areas of human and social services where they have, again, their finger on the pulse in their communities. Whether it is youth programmes or senior centres, libraries or cultural things like that, the council tends to take a more active role in the funding arrangements and in working on the funding in those areas, and less so on the bigger-ticket items, in which unless they have individual-level expertise, they are not as interested in that, I would have to say. Some are.

The speaker of the council does represent the council in the budget negotiations with the mayor and to the extent that the council has a unified policy or vision, it gets represented through the speaker in that negotiation with the mayor. They have a lot of power in the budget process. It is just that it is hard, particularly now because of term limits, for the council to exercise that power in a uniform way. It has become more fractured because individuals are moving out more quickly, looking for the next job and are less focused on the big picture. I think that in some sense, the speaker has lost some power in the term limits. On balance, I think the council is important but it is not as important as one would think in the larger budget process.

**Darren Johnson (AM):** That sounds familiar. Let me recap, there is a formal decision-making role in the budget process which can be used effectively or not effectively, but outside that it is generally oversight?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** That is correct. They can, on an individual basis, in their districts make enormous changes. We have just been going through the last phase in June in the budget and the council did some restorations for small community-based organisations in their districts. For those organisations, it makes a huge difference what the council member items are. If it is a library, or a cultural or an after-school programme or a senior centre where the council member is funding something, that actually makes a difference on the ground. I have revised my own opinion in terms of the role of the council in that what looks inconsequential from the outside, at the district level is extremely consequential. It is not the big-picture, big planning issues. They do that in oversight.

**Darren Johnson (AM):** Finally, are the population aware of the different roles of the borough councils and the city council and various agencies and so on, or are you basically arguing that they do not know the difference but it does not matter as long as they have a single telephone number to ring?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** The public is unfortunately quite uninformed about their elected officials, about what government does. Most people, for example, in New York City think that the mayor controls the subway system. It is so aggravating. The fares go up. The mayor did not do it. The mayor opposed it, but the public, every time something goes wrong in the MTA, they think the mayor controlled it. On welfare, they think it is the mayor. They think, you go to get your driving licence, which is state – wherever they have a problem, they associate it with the mayor. This is what it is. The public is very uninformed. In terms of even knowing whom their councillors are, most people in New York do not really know who they are.

**Darren Johnson (AM):** The one-stop-shop approach could be great in terms of getting things done and a single telephone number, but in terms of real accountability and democratic accountability and awareness and so on, it could actually help cloud the problem rather than solve it.

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** There is just plenty of work for everybody, I guess. We have put in this 311. It has not made the constituency service offices of the city council less busy. People need to do that for more complex things or they need to do that if they do not get 311. What has happened now is that more is getting fixed because of 311, I think. It has not really displaced an elected city councillor's role in creating that linkage between their constituents and government. I think you need that and you need all of those offices operating as well. The councillors use 311; it helps them and they can tell their constituents they did it. It helps them actually break through bureaucratic mess.

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** I think on some critical things such as the budget, most of the public knows the mayor is responsible for keeping that budget balanced. The intricacies of how it is done are probably not that well known but the budget and the concern, especially after 9/11 when the mayor had to ... Especially, as Ester (Fuchs) noted, when property taxes went up and went up sharply, the mayor took a real hit on that.

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** The speaker of the city council and the council had to approve that, but it is still associated with the mayor and they did it responsibly by the way, because that was not easy for them.

**Valerie Shawcross (AM):** I was just looking in your paper for some reference to funding for capital. Do you have any novel funding mechanisms for capital investment that we might like to copy in London?

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** First of all, there is a basic constitutional structure on New York City's ability to issue capital and that is based on a certain percentage of the property tax revenue and always has been. This means that over time, if the property-tax base is a bit stagnant in a recession, as it was, and the city's capital was building up, New York City actually reached a point where it was meeting its debt limit. They had to make some big decisions about how to get around this because it is in the constitution and that they could not change without great effort. New York City won the ability to begin to issue bonds based on the personal-income tax not just based on the yield on the property tax and there are some guidelines around that. The most recent one was the big tobacco settlement in the US, which spins so much money back to the states and therefore to the local jurisdictions, which have been multi-billion dollar settlements.

New York State but also New York City has used the funding stream from the tobacco settlements to issue bonds. The bonds may be used to fix the bridges or what have you. There have been some new levels. Within our memory or time working in New York City, the city organised its water system into an actual authority, a revenue-bond authority, and collects water fees on the water usage, residential and commercial, and issues bonds for the repair of the big water system and extension building to its system. There are some different streams. We have always had the revenue bond concept too, for example an agency like the Port Authority does not collect any taxes whatsoever and has never collected taxes. It collects tolls and landing fees and rents and what have you and then issues bonds on the basis of those revenues, modelled by the way on the Port of London Authority, which in 1907 issued a tranche of bonds.

**Valerie Shawcross (AM):** One obvious observation is that a system so heavily based on forms of income taxes is obviously liable to enormous fluctuations of income and just looking at the unemployment and employment

rates. Has that caused any problems for raising bonds, the volatility of income-tax-based revenue income to the authority?

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** Not as such, because the property tax is more stable. It is more stable in the sense that it has this five-year rolling average and again there are limitations within the categories of the property market as to how much something can go up in any given period of time. There are caps within the time frame. That property tax is more stable, but the attitude of the big rating agencies, Standard & Poor's and Moody's, would be certainly shaped by the city's problems in a recession. One of the concerns that Mayor Bloomberg clearly must have faced in late 2001 or late 2002 when he was looking at this big recession and these big budget gaps was what would happen to the city's bond rating based on the attitude of the agencies. That would have been affected by the overall recession and the effect on the whole revenue budget, not just the property-market part. One of the interesting things that happened – largely because of the mayor's action on raising property taxes as much as he could – was that the city's bond rating never did go down. He kept the confidence of the financial community and the bond-rating agencies and those are very important because it determines, as you would know, the cost of future debt service.

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** There are two little points over here. One is, the city actually spun off through the economic development corporation (EDC) another capacity. EDC – which is not formally part of city government, even though the mayor controls it and it might as well be formally – from a fiscal point of view has bonding authority. In terms of development projects, EDC tends to be the one that negotiates with businesses for development projects. One of the things that they have used is something called PILOTs, which is payments in lieu of taxes and so, in order to encourage development, certain kinds of taxes are waived, but not completely, and then a business pays something, and this is the legal formation, that is called a PILOT. There actually was just a big row between the mayor and the city council on who controls PILOT revenues because PILOTs were part of the stadium-funding proposal. PILOTs are also used in capital a lot. The PILOT revenue is used as a basis for borrowing.

**Valerie Shawcross (AM):** That would be like our Section 106 planning agreement type income, I would guess. Do you actually suffer big service cuts then during periods of economic downturn because of the undermining of your income or can the city carry deficits forward?

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** No. New York City cannot carry deficit. It must balance its budget in any given fiscal year. As long as some of the restrictions on the bonds that were put in place to help the city recover from its big fiscal crisis back in the mid 1970s remain, the mayor has to keep that budget balanced within \$100 million, which is a very small amount. It is the eye of the needle. It is a very small amount of money on a \$50 billion budget. They fixed it at a dollar sum rather than as a percentage back in 1975. The mayor must balance that

budget. Yes, in answer to your question, the issue of vulnerability to the economy is always a big one and certainly was for Mayor Bloomberg. The service cuts were probably the most severe in the mid 1970s. Mayor (David) Dinkins had to absorb substantial service cuts back in the early 1990s recession, which was very severe in New York, just as it had been in London. Mayor Giuliani, at the beginning of his term had to cut back on some services at that point but as Ester (Fuchs) pointed out, Mayor Bloomberg chose not to do that but chose very carefully to retain services.

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** In the cuts, what happens is there are core services now and services that are considered frill, which I do not believe are frill, but this is how it is formulated by budget people, so you tend to hold harmless police and fire, for example. There are certain agencies now that there is an expectation that crime should stay down and you have to hold these agencies fairly harmless in any budget exercise that cuts the budget and what happens then is there are cutbacks in day care and in youth programmes and in senior programmes. That is where the council/mayor thing is very important because the council then acts to defend those programmes, since they tend to be more community-based. It is not that the mayor does not care about them. The mayor tends to look at the big picture and take the advice of the budget bureau, which prioritises those kinds of basic services over these other services and these are areas where there might be discretion. Those budgets tend to be very volatile and reflect the volatility in the economy more so than the police, fire and sanitation budgets.

**Valerie Shawcross (AM):** That is interesting. We all have frustrations with our system. You must have frustrations with your system. I was quite astonished to hear about the institutional role of the courts in your system. It is incredibly rare in this country for one public organisation to take another to judicial review, for example. It seems to be part of the game, really, and how it is played. If you could change your system, what would you change?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** I will do that first because I have a long-term standing interest in New York becoming the 51<sup>st</sup> state. New York City, if it was not part of New York State – I guess if it got a fair shake at the state level, I would not be so troubled by it but it is not just that we are short-changed in the amounts of taxes we send to the state government versus what we get back, it is that there is political meddling in local government affairs that really represent the worst of advocacy and special-interest activity in the state legislature. Just recently, the mayor is in the process of negotiating with the municipal employee unions. That should be a local negotiation in which the state level does not interfere. There is a thing called pattern bargaining and we had done the major unions but not the uniforms as they are called. The police officers' union, the Patrolmen Benevolent Association (PBA) is a very strong union. It gives a lot of money to political campaigns. It has a big advocacy role at the state legislature. The state, years ago, passed legislation that said if there is an impasse in union negotiations, you can go to binding arbitration at the state level. The union just went to binding arbitration at the state level and really blew a hole in our

budget now that will be long-term beyond anybody's expectations. It is a 10% increase for one year, which is huge.

You could say that police deserve this, but this should be done through city agencies not in Albany and what is even more amazing about it is that they did it on the basis of the fact that the city has a surplus this year which, of course, if you look at the four-year plan, you see that there are these structural holes in the budget going on for 10 years and that the surplus in some ways is artificial. They have just added costs to our government that we have to pay for locally forever now. They have basically built in a new permanent cost. This is what they do. They mandate without giving us the money to do the services; it is called an unfunded mandate. The federal government does that. If I could change anything, I would probably pick the unfounded mandates. This would be my major thing, in which we would truly have home rule and in which the state could no longer meddle. For example, if we wanted to restructure our taxing authority that was just in the five boroughs, we should not have to get permission from the state government to raise taxes or lower taxes. That should be council/mayor, the local legislature. The role of the state is, I think, mostly destructive. There is no New York City media here. I have been quiet for three years in New York City. I used to do a lot of television when I was a professor. For the three years I have been in the mayor's office, I have been very quiet, so this is my opportunity to say what I really think.

**Hugh Malyan (Chair):** Before I move on, could I just double check on that budgetary position? Rosemary (Scanlon), you were talking about the \$100 million and that it has to balance within a \$100 million; that is a very, very small amount of the total budget. That sounds very, very rigid. I assume that if you have got significant reserves – several billion dollars' worth of reserves – you can use that to smooth revenue shortfall. You cannot do that either?

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** No, we cannot do that either because New York City, back in the days of Mayor (Edward) Koch when he got the financial situation stabilised, was put on formal Generally Accepted Accounting Principles (GAAP) as most corporations would have to do. Part of the rules of the game under GAAP accounting is that you cannot have a rainy-day fund or keep a surplus. The city, within its budget, does have either a \$200 or it could be \$300 million reserve fund that is allowed under the GAAP accounting principles. The fiscal year ended on 30 June. If the city does have a surplus, which Mayor Bloomberg did have, the way they will handle that or what they do with the money is pre-pay a chunk of next year's debt service on the bonds. That, you can do; you can roll it forward. If he has a \$200 billion surplus, that is what they can do. Clearly, you can increase your capital spending out of pay-as-you-go capital. That may or may not be a good idea, long term.

**Hugh Malyan (Chair):** If I have got that right, that is your flexibility then? Through debt flattening, you can reduce that significantly to support a revenue expenditure for a limited period of time?

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** There is a little bit of flexibility. It also keeps the proportion that the debt service is of your total budget, which in good-governance practice in the US is thought to be a ceiling of maybe 20% – at most – of your operating budget which should be spent on debt service. The city tries to keep it about 17%. Rolling forward on that debt service at a time when that debt is going up keeps that within a good, responsible balance.

**Hugh Malyan (Chair):** Just to be quite clear then, you have got on a \$45-50 billion annual budget the ability to play around with \$2-3 billion. That would be okay.

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** There is less flexibility on the downside, in a recession when the revenues are falling out. There will not be a rainy-day fund there that allows you to pull back.

**Hugh Malyan (Chair):** There are pretty violent changes to revenue services on a year-by-year basis, depending on the money coming in?

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** Within that, the role of the city's Office of Management and Budget (OMB) is critical: their forecasting, the ability of their people to really track well what is happening and keep the mayor informed. Within our budgetary process and the rules that the city operates under, the mayor must do quarterly budget updates to announce to the public how we are doing quarterly. It is not just an annual exercise.

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** This is an important point. We are actually looking to import this into the charter. All of this that Rosemary (Scanlon) is talking about was part of Financial Emergency Act that was passed in 1975 by the state legislature. New York City does this under the legal mandates of this act, which sunsets in 2008. In this charter revision that I am working on now, we want to import these good fiscal practices directly into the city charter, which requires that four-year planning and the quarterly modifications. Those were practices that we created primarily in 1989 in that last recession because what that means is that each programme has to put up a programme to eliminate the gap, what we call a PEG. You have to put it up quarterly and so you do not wait until the end of the fiscal year and say, 'Whoops, we do not have enough money.' As our OMB is constantly updating the forecast on a quarterly basis, agencies then have to come back say, 'This is what I am cutting now,' in order to put the budget back into balance so that you can actually get the balance by the end of the fiscal year, even when there is a downturn in revenues. Then they do what Rosemary (Scanlon) explained. If there is a surplus, they can roll it into pre-paid debt.

**Hugh Malyan (Chair):** Is this applicable specifically to New York because of what happened back in 1975 or do these same, fairly vigorous, financial restrictions apply to other big cities and counties?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** They do not do it in other big cities and now they are starting to try and copy this. This is really very progressive budgeting and it works because you do not get caught at the end of the fiscal year really not being able to balance. Every city in the country is required to balance their budget by the end of the fiscal year. They do not have three-year balances. It is a one-year balance. I think it is not very good frankly because it does not smooth out the economic trends, but that is the law. You have to be in balance. New York has really figured out some very interesting management tools and this quarterly modification is really working. That is the thing that OMB explained to me that allows them to get to balance by the end of the fiscal. The other thing is the forward roll, which operates like a rainy-day fund.

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** I think it is safe to say that New York City probably has the best fiscally managed government in the US, better than most states and better than any other city.

**Murad Qureshi (AM):** It sounds as though you have all the financial whizzkids running the stage on the finances. Can I go back to where we ended with Valerie's (Shawcross) line of questioning where she was asking about changes? Maybe in the light of your comments about the role of the state, the mayor should be really giving up powers. It sounds to me an incredibly complex place and if I was a resident of New York, I would probably need more than one additional telephone line to phone up to understand it all. In recent times, for example, I think Mayor Bloomberg suddenly rose one morning and decided to ban smoking in public places and it was implemented.

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** The city council had to pass that.

**Murad Qureshi (AM):** He did not get an electoral mandate as such, did he?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** Yes, that was a campaign issue that he ran on and he could not do it unilaterally. It had to be passed by a majority vote in the city council.

**Murad Qureshi (AM):** That was legislatively?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** Yes, it was not a unilateral thing. The city council had to approve it and believe me, there were many in the tobacco industry who tried desperately to prevent that through their campaign contributions to members of the city council and the city council stood up with the mayor to do what they thought was in the public-health interest.

**Murad Qureshi (AM):** What do you think should be given up, because it sounds as though there is far too much concentrated in the mayor's office?



**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** It interesting. I do not think there is too much concentrated in the mayor's office, particularly when you look at economic development policy and all of those issues. We are obstructed from planning and doing what we need to do for the city all the time, through the courts principally. It was a good observation that you made. The courts are very important in the US and impact on policy in a way that people do not realise. I actually think that what I would do in terms of this issue of unfunded mandates, because I think that is what you need to worry about in London too. The more you take on locally, the more at risk you are for unfunded mandates coming down from the central Government. They say, 'You are raising your taxes and you are raising your revenue. You have revenue, therefore we do not need to support 'x programme' any more. You should do it from local revenue alone.' That is a risk.

I like some of these shared authorities. For example, I would restructure the MTA like Chicago, in a way that actually had a revenue stream coming in from a broad jurisdiction in which the mayor had the majority of the appointments. I would leave out the Governor altogether and have the counties that surround New York represented and have it proportionate essentially to the number of people you have in your jurisdiction and then you could do the regional kind of planning through that authority. That is pretty much how the Chicago model works. You have a revenue stream coming in. It sounds like the mayor is very powerful because of the budget side of it but politically, you could see it from what happened with the Olympics plan, the mayor does not really have control over so many things that you would think locally that a city jurisdiction can control. For example, our welfare policy is all determined at central government, in terms of the actual policy. We have to implement, but we have very little discretion on the implementation side. We have a lot of the worst of all worlds in some of this.

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** I would add to that, and think that if there would be one major area affecting New York City that I would want to see change, it would be the state pattern of requiring that New York City and a couple of its other wealthy counties pay almost half of the state share of Medicaid. Medicaid is one of the largest expenses that the city of New York has. The basic rules of the game around the US is that that is a federal-state 50-50 share relationship, except for the state of the New York which has always turned to New York City and said, 'We will pay 25% of your costs and you will pay the other 25%.' In any given year, we are talking about \$3-5 billion. That is a major cost.

The second one would be education. For too long, somehow New York City was always short-changed on getting the exact amount of money back on a per-pupil basis from the state that was needed. Those are items, I know they wind up to be big-ticket items in the budget.

**Murad Qureshi (AM):** Could you explain to me what the roles of the boroughs are? Essentially, if you compare them to London they seem as though geographically, they are super boroughs but it is not clear to me what

their role is in all this, if at all there is a role and that some are more powerful than others, like Manhattan as you have indicated.

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** This is a good question and everybody has been trying to figure it out since the 1989 charter revision commission. In fact, my assistant called me yesterday to tell me that there was an article in the local paper about our charter revision commission criticising us for not taking on the issue of borough presidents and eliminating them. We did not because for a variety of reasons this was not a good time. It is highly politicised. It is a vestige of the previous structure whereby we had the Board of Estimate, when they had a real power associated with the borough presidents. They have discretionary capital funds, which I think works very well, being in touch with local needs more so than a central government. They have a bully pulpit for that particular geographic jurisdiction to get investment and to get resources put in. The Brooklyn borough president, I think, has been particularly effective in calling attention to Brooklyn as a place to do business for example. It is not all him but I think he has been extremely helpful and positive about that.

If you were creating a government from scratch now, would you create these kinds of institution? Absolutely not. We could have gone and done an Upper House and had our 51-member city council and then have an Assembly with, let us say, five members or 13 members or something smaller, and the borough president role could have been rolled into that with more authority over budget, contracting and zoning. The way it stands now, it is just a vestige of the previous government structure. Politically, in the 1989 charter revision, it was a deal and it was too hard to get rid of it and so they wanted to pass the rest of the restructuring because it was a referendum, so they left in the borough presidents because they did not want that opposition.

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** I think too, just to add to what Ester (Fuchs) said, unlike your boroughs, there is no service delivery by the borough presidents in New York. Everything is city-wide. Nor is there any revenue collection, unlike your borough structure here. Everything is at the city-wide level.

**Hugh Malyan (Chair):** The 51 councillors are from across the city. Let us go at this from another way round from a representational point of view. If you are an ordinary citizen somewhere in one of the five boroughs in New York and something starts to go wrong, whether it is the allocation of a child's school place, the bureaucracy has mucked up your property tax, there is dog rubbish at the end of the sidewalk and no one is clearing it up, where are you, as the private citizen, going to get action? Whether you call it the bureaucracy or 311, call it what you like, if 311 lets you down, where are you going to seek democratically elected representation to get your problem sorted out?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** I think you are hitting the nail on the head there. Every city council member has a constituency outreach/service office and it still functions and it is still

important. If you were reasonably sophisticated you would call your city council member. It depends. There are a lot of local boards which are empowered to connect people to government. They are not elected any more. We used to have elected local school boards. It had a turnout of less than 1%. It was a democratic 'small-d' joke, frankly. The real legitimate elected official at the local level is the city council member and I think that the public that pays attention understands that and uses it that way. The police precincts have policing councils. The schools now have parent councils that are linked directly to the school advisory council and then we have community-planning boards, which are not elected; they are appointed.

That is the other role of the borough president; they appoint the community-planning boards. They have an advisory role over planning and are very important in developing a plan for their neighbourhood. They are not binding necessarily but politically that is a very important plan. In certain areas, you would take into account these advisory boards and you might use them but the general picture and the general role I think is still being played by the city council members and I think, for a democratic government to work, you need that level of elected official who is district-based and who really does represent the district's interests. The negative word is parochial, the positive word is that this is what democratic process is about, to make sure that people are represented, even at the lowest level.

**Richard Barnes (AM):** There is a tendency in this country at the moment for a debate to be focused around 'going local' and both for police boards and a whole range of other things. From what you describe, it sounds like a surfeit of democracy.

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** It is very funny. I struggle with this a lot. I taught university for 20 years before I went right into government and of course the democratic process part was critical and what I think I understand better from having now been in a variety of locations looking at this issue is that you need forms of local government but operationally, I think it is much more difficult. Our experience in New York with this decentralised form of government with the local school boards – in 1967, everybody said, 'Too much centralisation at the school board. We need local control.' They created local school boards, which were elected. What happened to us maybe is a lesson. Most of these local school boards, as I said, there was very little turnout, the public does not have the capacity to pay attention. They are busy and they are more busy all the time and so they were really hijacked by, in many cases, fairly unsavoury folks.

There was a lot of corruption unfortunately, not in every instance. In middle-class communities they tended to work better than in poor communities, is what happened. They were designed to empower poor communities. That was the original intent of the design and yet in the district that was the worst district in 1967, when we took over again and centralised education it was still beyond the worst district. Whatever the problem was, it was not being solved by this sort of decentralised form of government in which these local school boards actually had power over budgets and the appointments of principals.

They were supposed to be representative of the community. The design made sense on paper in which more community control was given and in which there was greater representation but it did not work operationally. I think there has to be a balance between how you engage communities and really deal with the issue of representative government, which we have to do and then how you deliver basic services effectively to every community, regardless of their income. One of the things that I think we learned from the Great Society, decentralisation programmes is that inner-city communities were saddled with all these participation mandates. Federal legislation came down and said, 'If you take this aid money, you have to develop these boards to participate and to create the policy.' On education, I can list them. Participation mandates were built into certain kinds of policies.

In upper-income suburban communities, they had none of these. All they did was have an expectation that their basic services, including education would be delivered effectively. You did not have to show up at 50 different councils and 50 different boards in order to get your garbage picked up or your kid a decent education or get the aid money delivered effectively to your community and yet, in these middle-income suburban communities, that seemed to work by and large. In the central city, poor communities were expected to show up at pretty much every community meeting and still did not get the services. Clearly, it was not about the democratic participation, it was about something else such as inequality in the resources that were being spent in communities or the inability to really focus on the nature of how services had to be different in some communities as compared to others. I have a schizophrenic view here, but clearer and clearer all the time. I want institutions of democratic governance that are locally based. On the other hand, for my basic services I just want those services to be decent, regardless of whether people show up at community meetings.

**Richard Barnes (AM):** Yes. I have your scheme here of all the support structures that the mayor has and the council and its 51 members seems to be a little bit lonely tucked up in the right-hand side. For them to be effective as a council, they clearly need a support structure. Do they have a support structure, what is it and who determines the funding for that?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** The council has its own budget office, it has its own committee structure, it has its own staff and it has its own policy wonks there working on policy and each committee has a separate support staff so that what you are getting here is that the council has access to all these agencies. The mayor is in charge of the operational side but the council can call a hearing any time it wants to determine whether or not the implementation is happening the way they think it should do. It can pass legislation, and legislate basically a change in policy, which it has done. A couple of recent, I think, very good pieces of legislation that came out of the city council were foreign-language access in the public hospitals and in the school system for parents, to make sure that documents were translated and that immigrant communities had access to public information. That legislation came out of the city council. It is important.

They have oversight to look at the implementation of that. Innovation comes out of individual members of the city council.

**Richard Barnes (AM):** Would they have their own financial advisors?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** They do. They have their own budget office and they negotiate the budget with the mayor and their budget director is one of the most savvy people in the city of New York.

**Richard Barnes (AM):** Does the mayor have any influence or control over that?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** No, the mayor does not control that at all, not at all.

**Richard Barnes (AM):** Is that legislative or practice?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** The council gets a certain amount of money and the speaker is in charge of determining how that money gets spent together with members of their committee structure that is created.

**Richard Barnes (AM):** We are supposed to have this wonderful role of scrutiny here and all the rest of it. Does it work in New York? Scrutiny is, per force, post factum.

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** I was going to add some perspective on the scrutiny. The scrutiny is there. The council must approve the budget.

**Richard Barnes (AM):** By a simple majority or two-thirds?

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** By a simple majority. In recent years, the council has done a really good job of getting the budget done and all the negotiations in the budget passed early in June. The deadline is 30 June. This year was an election year and it went right up to the last day on 30 June. Pulling in some of the points Ester (Fuchs) was making before when we answered Mr Johnson's question on some of the details on the budget, the amount of debate that goes on every year in the budget – this is my perspective on it – actually occurs around a very small proportion of the budget. The big debates will be around \$300 million on the \$37 billion part that is the city funds. There is no point debating the federal share. It is this small amount of money that becomes the big point of contention with the member items. As Ester (Fuchs) said, some of that can be really important at the local level, but in the context of overall budget policy, it has not been the pattern in the last 15 years at least, when I have been more closely associated with watching what was going on, that there was a lot of big city-wide policy debate.

**Richard Barnes (AM):** Is it the pretence of power rather than real power?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** I would just add to this. There is a reason to this that is structural more than the council-mayor relation. When you teach, people think you can do zero-based budgeting, every agency can start from scratch and put together a new budget and we can realign spending patterns. The truth of the matter is that you cannot do zero-based budgeting. There are fixed costs in the budget. In every agency there are fixed costs. Part of the question is to figure out. Obviously, we can maybe redeploy resources more efficiently but to the extent that we are pretty clear that these are the services that we are going to provide. There is a certain amount of fixed cost to do the policing, to do the sanitation and to do that. That is part of the reason that there is not this dramatic negotiation between the council and the mayor over some of the larger-ticket spending items. There is general consensus that there is a certain amount of the budget that is fixed, even on the operational side for the basic services and if you are going to pick up the garbage and police and do fire correctly, you have to spend this amount of money in this particular way.

It is interesting because in education, where we have the restructuring, where there has been a lot of change, the council has been right in there slugging it out with the mayor. While it is mayoral control on some level, the council's oversight committee has been extremely active in this issue because they know that because of the takeover from the state there is a much larger opportunity than there is in a normal budget year, when it is not normally as much about those big-ticket items.

Another interesting example is in the fire department. The mayor did, in his first year, a big analysis of the firehouses and it has been a very contentious political issue over time about closing firehouses. If new buildings have been put up, that is a hard thing to do. Some things are maybe fixed in one political year and then in another political year people may be willing to look at efficiencies in an area that they did not. In those debates, the council is very, very engaged. Whenever there is some major change that a mayor is proposing, the council is engaged and has the opportunity to oppose it or support or tweak it or change it. We just had a debate on a solid-waste treatment plan. The mayor just after a year of study proposed a solid-waste treatment plan. It was extremely politically contentious, some of it for the wrong reasons, some of it for the right reasons. The council subcommittees involved in that and those on the council who cared about that – it became a very big public debate over what would normally be a boring issue that nobody really pays attention to.

**Richard Barnes (AM):** You are both academicians and we have got your CVs in front of us. Have you had a look at London's government structure and if you have, what would you fix?

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** I was living in London at the end of the 1990s, when the bill was debated in Parliament and so it was wonderfully exciting to see London get its

government. I would hope as you are going through the next phase in the duration, that you would have more budgetary command, more command of the fiscal resources that the City of London and its 33 boroughs generates. That, I think, would make sense to me. I was a little surprised to see the very large role of the Government Office for London. I also do recognise that this is an evolving situation and that London will evolve and that the work that you are doing will help. I would assume that the Mayor must find himself in the same position as Mayor Bloomberg does, getting blamed for everything whether he has control over the budget or not. I would certainly hope for more budgetary and financial command.

**Hugh Malyan (Chair):** There are a significant number of Members who outside the conciliatory approach of this particular forum spend a lot of time trying to make sure that the Mayor takes responsibility for everything.

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** I would add to that. I think Rosemary (Scanlon) is 100% right and I think by the way that you have the right balance on the Assembly and Mayor, better than we have. It makes more sense the way you have structured it. I would also add to the budget side, the operational side. I just think it is hard to create accountability when it is too decentralised on the operational side and really get a London-wide perspective on things. Somehow, parochial interests manage to make themselves heard in every form of government. It is really trying to construct something that is broader and has a broader geographic or broader public approach to it. I think that is the challenge of most big city governments right now. The extent that you can either coordinate or consolidate on the operational side probably would help you a lot, I think.

**Hugh Malyan (Chair):** I had an outstanding question about the budgeting process when you said that the mayor's proposed budget was passed by the council by a simple majority. I obviously got this a little confused with the situation when the mayor vetoes something from the council it then takes a two-thirds majority of the council to override. Can you just very briefly take us through this process? The mayor proposes a budget. The council do not like elements of it or the whole of it or whatever. Do they then propose an alternative budget themselves? I am trying to get to the constitutional position about who wins here. I do not mean, is it the mayor or the council. Is it the two-thirds or is it the simple majority?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** Because of the way our party system is in New York, of the 51 members of the council, there are only three Republicans. The rest are Democrats. We have a Republican mayor now. You should have seen some enormous conflicts because of the party differential here but what has happened is a sort of routineisation of the budget process in terms of the relationship between the council and the mayor which is that the mayor proposes and then the council puts up its own version of the budget. This is actually its own version, in which it proposes changes. There is a public hearing that is mandated and required. Then, there is public debate and then there is internal negotiations

going on between the staffs of the council and the mayor to try and hammer that out.

At the same time, you have a large advocacy community which you physically see every day on the steps of City Hall. This surprised me personally. I did not realise that it was that physical, in a sense. They show up there. They buttonhole their council members or members of the mayor's staff, not just to appear at the hearings but also to do that informal negotiation. Generally speaking, what we have had is then a reconciliation of the two budgets that gets passed by the city council, which is not completely the executive budget and not completely the council's budget but a reconciliation. We have not had an instance in which the mayor has had to veto the budget. The idea is to come up with a budget that works for both sides.

**Hugh Malyan (Chair):** Does that mean of the 51, there are 48 Democrats?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** Correct.

**Hugh Malyan (Chair):** On that level of political split, surely they could override everything if they chose to?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** That is right. Part of the problem is that the city would become somewhat dysfunctional. It would be a politically and fiscally irresponsible thing to do not to try and work out a budget that works for the whole city. What has been interesting is that both branches of government have been very responsible about this job of coming up with the reconciled budget. The truth is that the mayor has an empowerment authority. If the council got up and passed its own budget, the mayor could refuse to spend and then the judiciary comes in. There are things that push both branches to come and do the reconciliation and not really end up in a situation where the mayor feels he has to veto a final budget.

**Darren Johnson (AM):** I was not going to dwell on taking responsible positions to get out of a budget deadlock between the mayor and the city council; we have had experience of that here. You talked about the parochial nature of decision-making, particularly in London with the role of the boroughs that you mentioned. Do you think that the fact that around half the Members of the Assembly here are elected city-wide rather than by individual districts is significant in the overall decision-making process?

**Ester Fuchs (Former Special Advisor to Mayor Bloomberg):** I do. I think that changes the view quite significantly and it gives the legislature more of a imprimatur as having a city-wide vision. You do not get tarred with this idea that you cannot see beyond your own district. You have a body that has, I think, an interesting balance between district-based issues and city-wide issues. Obviously, anybody can think about issues at both levels, but if you are elected city-wide, you are more likely going to think city-wide. If you are elected from a district, generally the first things that come to the fore are the district issues, unless you are running for higher office, which is what we have



now – a lot of city councillors who think they are going to run for something else and some of them try and grandstand and sometimes effectively look more broadly. I think that without that, without the term limits, you have the right balance for a legislative body not to be too parochial and on the other hand to be able to do that democratic thing which Mr Malyan was talking about, which is represent service to constituencies well at the local level, which is a critical part of government.

**Hugh Malyan (Chair):** Thank you very much. I am going to call a halt to it there. Can I say thank you very much to colleagues and thank you very, very much to Ester (Fuchs) and Rosemary (Scanlon) for coming and talking to us today? That has been extremely useful. There are so many differences but also so many comparisons between New York and London and it seems that when you dig underneath some of the covers, we are all experiencing some of the same problems and maybe some of the same successes as well. That has been really useful to us. We have a little bit of business here to finish off ourselves. You are welcome to stay. On that note, thank you very much to you two.

**Rosemary Scanlon (Former Deputy State Comptroller for New York City):** It has been our pleasure, and also, if we can be of assistance with follow-up questions, please just direct them to either or both of us.

**Hugh Malyan (Chair):** That is extremely useful.

**19 July 2005**

## **Commission on London Governance: Sixteenth Hearing**

### **Evidentiary Hearing on Waste**

The sixteenth hearing of the Commission on London Governance heard from the following people:

- Mike Nicholls, General Manager, West London Waste Authority
- Barbara Herridge, Chief Executive, Waste Watch
- Cllr Gerry Ryan, cabinet member for streets and environmental services, London Borough of Croydon
- John Duffy, Mayor's Policy Director for Environment
- Dirk Hazell, Chief Executive of Environmental Services Association
- Nick Lester, Director of Transport, Environment and Planning
- Simon Read, Project Director, London Recycling Fund

#### **Present:**

London Assembly  
Bob Neill (AM) (Deputy Chairman)

Darren Johnson (AM)  
Murad Qureshi (AM)  
Valerie Shawcross (A M)  
Mike Tuffrey (AM) – substitute for  
Graham Tope (AM)

Association of London Government  
Cllr Hugh Malyan (Chair, chaired the  
hearing)  
Cllr Cameron Geddes  
Cllr Merrick Cockell

### **Transcript**

**Councillor Hugh Malyan (Chair):** If you will excuse me, I am not going to introduce you individually because our time is limited, but I think most people know each other.

By way of introduction, in my time in local government I have to admit upfront that I have been involved in many subject areas but waste is not one of them. Therefore, from the Chair there is a relative naïvety about what goes on in relation to our waste collection and waste-disposal management services. Nevertheless, I am very aware that it is a big issue for us. My own understanding of it at present is that, put simply and from an armchair point of view, we must stop filling up holes in the ground with our waste product and start recycling far more of it, not only from an environmental point of view but also in terms of the legislative agenda of both the European Union (EU) and our own Government.

I am sure we will stray all over the place, but to start off with a structure for today, I am aware, as we all are, that of the 33 boroughs in London we have

21 boroughs wrapped up in four sub-regional Waste Authorities, and the remaining 12 boroughs, including my own, are their own Waste Authorities. Bearing in mind the pressures and challenges we are coming under for the future that I have referred to in terms of further recycling, composting, etc., I would like to start with the question of what is wrong with the present. Is there anything wrong with the present status quo, although it is a bit of a patchwork of systems that we have in London? Essentially, is it not capable of delivering the future as much as it is the present? Would a colleague like to start off with a view on that?

**John Duffy (Policy Director for the Environment, GLA):** Do you want comments in defence of the situation we have now?

**Councillor Hugh Malyan (Chair):** In either way. Is the structure we have at the moment good enough for the future, or does it need to change?

**John Duffy (Policy Director for the Environment, GLA):** Obviously my view is that it is not suitable for the future based on its history of failing to deliver. We face problems now and even greater problems in the future about planning. We have been trying to deal with issues around getting strategic sites in London that cover more than one borough and it is very difficult to get planning. When it comes down to local planning they have a local view, and strategically in London most of that is to build it somewhere else, preferably outside London, but obviously somewhere else in London is sometimes what happens. There are also the transport issues themselves of how we crowd the roads, how we criss-cross London, and the recycling targets that we are failing to meet, and a number of awareness campaigns. There is no London-wide campaign for awareness, which means that 33 boroughs are doing 33 different things with the cost implications that arise and the issues around the Gershon Report. That is where I stand on it as a fairly open introduction.

**Nick Lester (Director of Transport, Environment and Planning, ALG):** While what John (Duffy) is saying is true, it is by no means certain that this is all as a result of the governance arrangements. I think recycling targets are a particularly relevant issue in this because there is now an increasing body of evidence that suggests that for big cities, particularly inner cities such as London, the Government's recycling targets, and in particular the more aspirational targets such as the 45%, are arguably not achievable. They are certainly not as easily achievable as they are in less densely populated areas.

I can give you two examples of why that is difficult. The traditional tower block with its single rubbish chute is not adapted at all to householder separation. It is very difficult to see how you would get separation of waste in there without a lot of effort and difficulties. Secondly, the very widespread Victorian and Edwardian mansion blocks do not have space for the levels of householder separation that we are looking to achieve. That is certainly one of the reasons why we have suggested, and it has been suggested in a number of places, that targets to do with reducing residuals, i.e. reducing landfill, may be more appropriate than simply looking at recycling. There are a number of ways of dealing with waste of which recycling is one, and an important one, but it is by

no means the only one. We do not want to end up with landfill being the default option when all else fails. Therefore, I think there are a number of reasons, and I think it would be wrong simply to say that the problems London faces are down to governance, although it is clear that London does face some important challenges which are of a different order than it has faced in previous years for waste disposal.

**Dirk Hazell (Chief Executive, Environmental Services Association):** I would substantially agree with the last speaker. Undoubtedly there is a long record of failure on waste management, although in recent years recycling rates have gone up a great deal. The principal reason for this failure is because the Government's policy is still fairly unsettled. We all know what EU law currently requires in terms of diverting biodegradable waste from landfill, but the Government still has not provided a convincing route map to the country's compliance with those timetables. It is not really clear that the Government has a settled view on the preferred technology, which makes it far more difficult for the levels of government below central Government. In particular, the Government has not really made clear whether or what sort of mix it wants in terms of transferring biodegradable waste either into energy or into soil enhancement. It seems to be a shifting plot from time to time.

Assuming the Government was to go for soil enhancement, which I know is the preference of some of the parties in the London Assembly, there is still no settled Government emphasis on the degree to which collection of waste should be segregated at household level. That is a fundamental issue that local authorities need to know in order to work within. As the previous speaker said, you will get different types of housing stock with different types of problems in different parts of London.

The Government has also failed to provide adequate funding for local government to meet its targets, although there is no doubt at all that the Landfill Allowance Trading Scheme is going to focus the mind of every authority responsible for waste in England over the next few years. Probably the single main failure structurally of the system is the failure to provide planning consents for the new infrastructure. We need an awful lot of new infrastructure in a very quick period of time. Again, the Government's own performance is a central problem. The single largest piece of infrastructure, which I know is controversial and I know not all Assembly Members want, would be the Belvedere Energy from Waste facility, which is the Secretary of State for Trade and Industry's (Alan Johnson) decision and it has again been deferred for a renewed round of angst. There would actually be no point at all in the Mayor getting more policy over waste if the planning decisions were to remain with the boroughs.

**Simon Read (Project Director, London Recycling Fund):** I am not sure that I would agree with the last speaker about blaming it all on Government. My experience, including at my previous job with Oxfordshire County Council, is that the practitioners often develop the new solutions. I think it has not been the case historically that Government, certainly not in the last 30 years, has actually given a lead in a way that I think the last speaker perhaps was hoping

would be given. I wrote down, leadership, investment, planning and strategic vision, and I would agree with what John Duffy said earlier about the need for leadership in London.

I think the decisions over what technology might be appropriate for London rather than technology that might be appropriate for another part of the country, possibly the South East or North East, should actually be driven regionally and not by the Government. I do not think the Government, or perhaps we mean civil servants, do not have the expertise. These days they rely on consultants. In the 1960s, there might have been expertise in civil-servant departments, but I do not think that is the case any longer. That expertise is more likely to be driven by Waste Authorities. If I think back to the days of the Greater London Council (GLC), which I worked for at the time, most of the expertise about the infrastructure we currently have in London and rely on, was built up in the 1960s, 1970s and early 1980s, and it was not as a result of Government guidance. There was no guidance that I can remember about waste by rail, for instance. Waste by rail came from GLC officers and from the knowledge of the professionals at the time.

**Valerie Shawcross (AM):** Like the Chair, I need help coming up to date on some of these issues. I want to put one technical question to you. If the Member for Barking and Dagenham (Councillor Cameron Geddes) will forgive me, when I did a peer group review of Barking and Dagenham about five or six years ago, I was trying to work out as a Member why their recycling rates were so pathetically low. It seemed to me to be the case that the East London Waste Authority (ELWA) was charging for the disposal of waste collected by the authority, not on the basis of tonnage but in relation to their Council Tax levels. Consequently, there was no financial disincentive or incentive in there at all for them to increase recycling and reduce waste disposal. That was a simple view I took a long time ago.

What financial sticks and carrots are in force in and across London and how consistent are they at the moment to actually promote recycling?

**Mike Nicholls (General Manager, West London Waste Authority):** Clearly, in the Unitary Authorities in London it all works out. If it is cheaper to recycle they save their own money on spending on disposal. I think the issue is particularly one for the two-tier areas where you have the Statutory Joint Authorities like ELWA, my own authority, at the disposal end and the boroughs at the collection end. At the moment, in these areas we have a system which does not work too badly in that if a borough collects a tonne of waste and does not give it to the disposal authority for disposal but holds it back and recycles it, the disposal authority is required to pay a recycling credit to the collection authority. The credit compensates the borough for it to some extent.

However, this is a rather complicated system and very shortly, certainly within the next two weeks, we understand that the Department for Environment, Food and Rural Affairs (Defra) will come forward with formal proposals with a view to changing the two-tier areas of London to some form of tonnage-based

payment system. This would mean that the boroughs would pay, in effect, the disposal authority for each tonne they deliver, and obviously, if it is cheaper for them to hold that tonne back and recycle it they will do that. We do not quite know the mechanism yet, but there are a number of choices. It will be a tonnage-based levying system or a tonnage-based charging system, but we do not know what Defra will come forward with at the moment.

**Valerie Shawcross (AM):** You are saying there has been no improvement in the financial mechanisms to incentivise recycling in London until now.

**Mike Nicholls (General Manager, West London Waste Authority):** No. My authority, for example, pays the boroughs for each tonne that they withhold for recycling. This year the amount we pay them is £47.

**Valerie Shawcross (AM):** Nevertheless, you seem to be saying the practice in your area is not the same as elsewhere and there has been no consistent approach.

**Mike Nicholls (General Manager, West London Waste Authority):** To be fair, ELWA and its four constituent boroughs are somewhat ahead of my areas. Between the five of them with their new long-term contract with Shanks, they have sorted it out, and as I understand it, they have an agreed way between the five of them of sorting out the finances which they find mutually satisfactory.

**Valerie Shawcross (AM):** Does it incentivise recycling?

**Mike Nicholls (General Manager, West London Waste Authority):** As I understand it, yes.

**Valerie Shawcross (AM):** If we can do it in one area, why can we not do it voluntarily across London?

**Mike Nicholls (General Manager, West London Waste Authority):** The difficulty is that getting a voluntary agreement on a tonnage-based system means that all of your boroughs have to move from the one system to the new system. The arithmetic is such that in doing so at least one of your boroughs must lose as a result, and generally across the four authorities in London we have found that at least one loser borough has lost a great deal. To move to a voluntary system requires the unanimous agreement of all the constituent boroughs; it is not a matter for the disposal authority.

**John Duffy (Policy Director for the Environment, GLA):** Moreover, basically the one loser is not likely to vote for it.

**Valerie Shawcross (AM):** Is that not therefore an argument for enforcing a London-wide approach to these matters? If we are being driven by the lowest common denominator and the interests of the loser in the system, the whole community loses out.

**Mike Nicholls (General Manager, West London Waste Authority):** Not necessarily, because if you have a London-wide approach you could still have the present financial arrangement, which would not be very good. Equally, with the present structure, as Defra is proposing, you can come forward with something that will sort out the financial problem. I do not actually think the funding is directly an issue, except in terms of the sort of environmental argument that might be made. For example, if inner London needs to spend a lot more money on its waste arrangements to protect the environment for the good of all of London, then there is a case for regionalising the funding and not causing the particular local authority to have to bear the cost.

**Valerie Shawcross (AM):** I was asking about the charging mechanisms for waste disposal, not just the funding.

**John Duffy (Policy Director for the Environment, GLA):** It would always have gone to a tonnage-based levy anyway, I would have thought, whichever way it ends up.

**Mike Nicholls (General Manager, West London Waste Authority):** If they can, Defra are anxious to bring it in for 1 April 2006, so this is all very imminent stuff.

**Dirk Hazell (Chief Executive, Environmental Services Association):** It is certainly the case that in different parts of London there are different degrees of engagement of householders. On behalf of the waste industry, I think I would look at the funding in a slightly different way. First of all, historically there has not been enough funding, but secondly there are ways of incentivising individual householders to do their recycling. For example, Belfast has been looking at a scheme whereby households that are deemed to recycle to a more satisfactory extent do not have to pay as much as those households that do not recycle. Some form of direct charging of householders over the long run is probably inevitable anyway, and bringing in variable charging over the long run is also probably inevitable anyway, and you would construct your variable charges in a way that encourages recycling.

The basic thing that will determine how much people can recycle at household level is the segregation facilities that are provided at the very outset. In that respect, some parts of London are going to be in completely different positions to other parts of London. For the outer suburbs it is feasible to have a number of separate collection boxes, and feasible to encourage people to do home composting if they have reasonable sized gardens. In Central London, if you are in charge of a borough you might take the view that you only want to give two different bags, and that will impact very fundamentally on the rates of recycling you can achieve.

The core thing is engagement. One of the things about looking at the future for London is to ask the question which level of government is most likely to engage with local people. As elected politicians, I think we will all have views on that.

**Councillor Gerry Ryan (Cabinet Member for Streets and Environmental Services, London Borough of Croydon):** I am the council member responsible for environmental services in the London Borough of Croydon. Dealing with the difficulties as I see it at the moment is all around the procurement processes that individual Waste Authorities are in, or joint Waste Authorities are working in together. There is a range of contractual agreements in place that will be hard to unravel. It will be a long-term view to get us all under one umbrella. The only way I can see us achieving that is with a very hefty carrot approach. It would be fair to say that not just my own borough but every borough, if it could, would do as much recycling as is at all possible. We do have the stick of Landfill Tax that is impacting on us and concentrating minds, but authorities outside London are now realising that that becomes their easy option and it makes it much, much harder for London because they close those opportunities down. As a consequence, we are left to deal with quite a tough situation.

The simple objective is to recycle and re-use as much as is possible. We need support to be able to do that. As I said, we would invest as much as we could but, of course, within our individual boroughs we are fighting against a limitation placed on us by national Government because people do not want to pay too much Council Tax than the Government requires. That limits us to a degree. To exercise ourselves to that end, as Croydon is a Single Waste Authority it works collaboratively with our neighbours to achieve the economies of scale, so you could look at London as virtually a group of Waste Authorities. That would be one strategic way to look at it and then we could see how those could be drawn together.

There are a number of ways of dealing with waste. We can see the difference between inner and outer London in what is called 'co-mingled versus separated waste'. If you co-mingle your waste you put everything in the orange bag and you do not get the quality of recycled materials out of it because it degrades through the anaerobic digestion system. Whereas if you separate the waste, you achieve a higher grade, higher quality output, that is more valuable to the contractor, and cuts a better deal for us. I am trying to suggest that not just my borough but all London boroughs would recycle as much as they possibly could but we do have limitations around us. I do not think it would be easy to come under one umbrella without a lot of cooperation, and speaking as a politician, sometimes that is not easy because of the difference in the political spectrum. You are all aware of that and how difficult that may be to achieve. Having said that, I am working with neighbouring boroughs of different political complexions who want to achieve as much as possible. There is an environmental imperative that I think supersedes where we are at this moment in time. We know we have to try to do what is environmentally good; we know it will cost us a lot of money if we do not.

I do welcome the opportunity to partake in this conversation inside this Committee's reporting structure. My final analysis on this would be that it is a tough nut to crack, but we would do everything we possibly can to engage in this. We have already been looking at the GLA's proposal to work out a



possible route, and no options are off the agenda in my view. I would welcome anything you can do to facilitate that, as I am sure would many other London boroughs. However, the crux of it is that if you can provide the carrot and make it big enough and attractive enough, that will resolve the issue. The problem is that we simply do not have the investment potential to get to where we want to be as quickly as we want to.

**Darren Johnson (AM):** We have heard about a lot of the problems with the current set up, whether that is national Government or the particular problems of the geography of London or whatever. Can I ask John (Duffy), in particular, what he thinks can be done differently if we did have a Single Waste Authority?

**John Duffy (Policy Director for the Environment, GLA):** There are a number of things that could be done differently. In my opinion the biggest issue is planning, and we touched on it earlier. We need a Strategic Planning Authority for waste because that is the major problem that we have. A Single Waste Authority needs to have that as a minimum. If you look at what the GLA is doing, we are working with partners like the London Development Agency (LDA) on trying to build a plastics reprocessing plant for London. That is fairly straightforward. We then have to guarantee the supplies from the boroughs, which is not so easy because the boroughs all have their different views on what they want to do and how they want to do it, so that took an awful long time. Even in terms of getting that investment in from the private sector, or the London Recycling Fund investment, or the number of investments that are lined up, the boroughs have their own agenda and it took some time to arrive at that.

We would like to plan for London in a straightforward way, where one of the key things is that you decide on what you want to build, you all agree it and then we control the supply and how that is managed. Similarly, at Old Oak Sidings where, again, we had difficulties with planning permission. It was a key site that had all the transport links of the canal, road and rail, yet there were local objections to the site from some local residents. Luckily enough, that did get through on a very tight vote, but strategically it was needed and everyone knew it was needed. Taking over those powers would do it.

The other probably more contentious issue where I think we have failed is the mixture that has gone on since the demise of the GLC. If you look at the places that are successful in recycling terms, such as Canada with its 'blue box' scheme, everyone knows how that is used; it is a uniform scheme and people know how it works. It would take a long time to get to these places, but instead of having 33 different schemes or sometimes even more in certain boroughs, you would actually have a scheme that people could understand and you could transfer from place to another. The boundaries that have been set up by the Waste Authorities are artificial. No one really knows what West London Waste Authority (WLWA) is; no one knows whether they live within WLWA or ELWA.

We continue to look for the easy answers. With no disrespect, Belvedere was raised, and I do not know whether Belvedere was looked at as a London-wide issue or whether as a Western Riverside Waste Authority (WRWA) issue in terms of the best way to deal with their waste. Whatever view you may have had, in fact you have to look at what is good for London on that. I know there were opinion polls done in WRWA on whether they believed in incineration, and I think 85% of people who lived there did believe in incineration – as long as it was done in Bexley. That was the problem, so really you needed to look at these things from a London-wide view and that is what I think will change.

I also believe there will be savings. There is a lot of duplication. A massive amount of money is spent on awareness campaigns. We have failed; we did not get the awareness campaigns. We now have Recycle for London, which has worked quite well, but even with that, although it is free for the boroughs to join, it took over a year for the last borough to sign up. We have had voluntary schemes on a number of other issues. We have asked for an information scheme about how much street enforcement goes on. We have done a voluntary scheme with the boroughs but we did not get the returns basically because some of the boroughs failed to do them and it was shabby. We do not have an ideal picture of what is going on, but this is when we have tried things voluntarily, so I think that has failed in the past. There are a number of things we do, but planning would be the biggest one. The people who support it are the areas around London where we have traditionally just taken out our rubbish and buried it in their backyard. They want us to change and strategically they think it would be better if we had one view from London.

**Darren Johnson (AM):** To what extent are the problems down to fragmentation compared to the lack of clear strategic direction? The Mayor does not have very strong powers in this area, whereas transport, for example, is obviously still fragmented across the boroughs and the Mayor has some clearer powers.

**John Duffy (Policy Director for the Environment, GLA):** In terms of how you manage London's waste, I believe the system we now have where waste criss-crosses London does knock on to transport and I think that is one of the biggest issues. There is no clarity as to whether we are going for incineration. I think the private sector, the investors, are worried about where we are going. Are we going for incineration? Is there a clear line from boroughs? We have problems with WLWA on how they are going to drive forward their strategy. We need to have a clear voice about what the five-year plan is for all of London and not just for changes to parts of London within it, and I think that fragmentation has hurt us. A clear problem has been how we use the rail heads and routes out of London; some of the boroughs have used road where we would prefer that not to be the case. That is what we would get if we had one body: we would take transport planning and waste management together.

**Darren Johnson (AM):** How would you address the problem in terms of land-use planning because whether it is waste or any other sort of development, the Mayor cannot force boroughs to accept developments they refuse, he can

only direct refusal. Are you suggesting an exception for waste, or are you suggesting a complete re-look at the whole land-use planning issue?

**John Duffy (Policy Director for the Environment, GLA):** I only talk about waste, but I think other people are concerned about that. It is clear that we at least need to have a change on that he can positively recommend and overturn a 'no', which would be the minimum we would require if it came to the Mayor, so that if it was over a certain tonnage he would have the power to overturn. We cannot allow issues which are just local to stop things going forward. They have to be listened to and made sure they are taken board and not ignored, but they have to be looked at from the perspective of the whole problem.

**Nick Lester (Director of Transport, Environment and Planning, ALG):** The fact that the Old Oak scheme was given planning permission is an indication that it can be achieved at the moment. I think there is a very great temptation to take the view of just giving somebody, it does not really matter who, a big stick and they can just beat the answer they want. In a city like London, there will always be tensions between strategic and local issues and I think it would be unreasonable to assume that any tier could impose an unpopular local decision without it having consequences through the system. How ever much the powers are there, there is bound to be a whole issue of negotiation and discussion before you can get a decision that will actually stick as opposed to a decision that is just made.

John (Duffy) may refer to it as a failure. The current system has actually produced quite a lot of decisions, albeit they have taken a bit longer than you have wanted to, but the fact they have produced workable decisions, is a success rather than a failure.

**Darren Johnson (AM):** Do you think the current system does need to change to address some of the points that we made?

**Nick Lester (Director of Transport, Environment and Planning, ALG):** There are more difficult challenges ahead and I think the points made earlier on about looking towards strategic leadership are very well made. I do think we have to look more closely at London-wide answers to a number of these issues, but that does not necessarily mean it has to be somebody London-wide sitting there making the decision. The need for leadership and vision is more important than anything else.

**John Duffy (Policy Director for the Environment, GLA):** I tend to agree that the leadership and vision is important. At the moment, the problem we have had is that we are running for the lowest, or perhaps the slowest, common denominator, be it on planning or whatever. In my opinion, you have to take a long time for not the right reasons on some of these issues. Regardless of the rights and wrongs of Belvedere, it has been going on for three or four years now.

**Nick Lester (Director of Transport, Environment and Planning, ALG):** Since 1992.

**John Duffy (Policy Director for the Environment, GLA):** You do need a planning authority that would have decided that one way or another some time ago.

**Nick Lester (Director of Transport, Environment and Planning, ALG):** It is the Government making the decision on Belvedere, not the Mayor or the council.

**John Duffy (Policy Director for the Environment, GLA):** A London-wide planning authority should be making that decision.

**Darren Johnson (AM):** Finally, with regard to the role of local authorities on collection, do you envisage any change or shift in powers in terms of the collection role of local authorities as opposed to the disposal role?

**John Duffy (Policy Director for the Environment, GLA):** We are still looking at that. I have a view that we must have some control over how the contract is let because it has to tie in very much with how we are going to collect the stuff, but I do not think we should manage the collection service.

**Nick Lester (Director of Transport, Environment and Planning, ALG):** It would be very unfortunate to get a complete split between collection and disposal, particularly at this stage when issues are becoming more blurred. We talked earlier about the necessity to have different approaches in different parts of London. We are not able to have one type of collection and disposal approach that fits all because London varies between inner and outer, and therefore you would lose a lot by having an absolute split between collection and disposal authorities.

**Simon Read (Project Director, London Recycling Fund):** Perhaps we need to clarify this for those of you who may not be aware of how the planning system works in county councils, where there is effectively a two-tier arrangement and which might be the case if there was to be some sort of Single Waste Authority. Again, I am drawing from my experience at Oxfordshire. In the counties where there is a two-tier system, the county council is the waste planning authority for the whole of the area covering all the collection authority districts within that county. They are also the Waste Disposal Authorities. They have the advantage of being able to show leadership with strategic direction in terms of what facilities are required, as well as leadership in obtaining planning permission for them, or at least in deciding whether planning permission should be given for them.

We were talking just now about how there may have been some examples of good things in London that have taken a long time to achieve. The important thing to remember is that under the new system of recycling and re-use, I estimate that we would need about 100 facilities for recycling in London. Is it only five planning decisions that we have had in the past five years? We will

have to move much faster than that. I am not convinced that there is a problem about collection authorities being separate from disposal authorities if that was what was to happen with a Single Waste Authority. If you do an analysis of the types of infrastructure that would be needed to deal with collected waste, it is going to be a mixture of materials recovery facilities, composting plants, anaerobic digestion plants, other types of new technology and maybe a couple of landfill sites. Consequently, it does not matter what the boroughs decide to do in terms of what they collect and how they collect it. The material will have to be dealt with in some way, and without the facilities you cannot deal with it.

In terms of the planning, there are two barriers in my mind. One is to have a clear vision about what should be planned for, and to give a lead to industry, if industry is going to be acquiring the land and then seeking planning permission. That is not the only way of doing it. The French and some of the continentals do it a different way and we may come onto those later. The second issue is public acceptance of these facilities and the public having an understanding of what needs to happen to their waste and their resources, how it will be handled and what these processes do, especially since some of them will be new processes they will be unfamiliar with.

I do not have any nice answers. If you reflect that the Waste and Resources Action Programme (WRAP) has spent something like £50 million in the last two years on a public awareness campaign to get the public to understand why they need to recycle, we would probably need another campaign headed by someone or other to educate and inform the public, Members and people responsible for planning, so that when planning permission is applied for there is public acceptance.

**Barbara Herridge (Chief Executive, Waste Watch):** I would like to come back on Darren's (Johnson) point about whether you could get some of the same benefits of strategic direction by more strategic direction and leadership as opposed to having a body. Do you necessarily need to have the body?

**Darren Johnson (AM):** You mean having the strategic direction without the mergers basically.

**Barbara Herridge (Chief Executive, Waste Watch):** The only comment I would add to what people have already said is that potentially your mechanism for incentives, the sticks and carrots, might be different in either of those two scenarios. We have just been talking about how the collection authorities are paid recycling credits, for example. However, if it is a body that is managing that or managing contracts that would probably be a slightly different mechanism than if you had an enhanced strategic role rather than an actual body, because then you would potentially have funding attached to that or an ability to impose sticks or carrots on a pan-London basis. I do not know how that would work and whether that would be possible given the current contractual relationships we have on disposal: some of them are part way through big contracts with the private sector and some are about to let them, some are not. All I am saying is that with the recycling credit system and with

the contractual system, at the moment I do not know whether the disposal authorities do have a mechanism, but potentially there could be funding if you look more widely.

**Darren Johnson (AM):** Is it true that because of the existing contracts, even if we did move to a Single Waste Authority tomorrow with some very clear powers of direction, we would not see a massive sea change right away, just because the existing waste contracts have to live out their current lifespan? It would only affect future contracts and future sites.

**Nick Lester (Director of Transport, Environment and Planning, ALG):** Most contracts would be taken over.

**Barbara Herridge (Chief Executive, Waste Watch):** Yes.

**Nick Lester (Director of Transport, Environment and Planning, ALG):** That is inevitable and we do know that the life of contracts is extending. In some cases, contracts are out to 25 years.

**Mike Nicholls (General Manager, West London Waste Authority):** However, the existing contracts might be used more efficiently.

**Nick Lester (Director of Transport, Environment and Planning, ALG):** Amended, too.

**Barbara Herridge (Chief Executive, Waste Watch):** I am also thinking that with the changes in the Local Authority Circular (LAC) system I understand, although I might be wrong on this, that the disposal authorities can direct the way in which the recycler is presented, for example. That would also change if that was potentially a central body as opposed to an organisation just saying this is what we recommend you do. I have no views one way or another and I do not know enough detail because my experience is mainly in communication and information and not on the management of local authority contracts.

**Mike Tuffrey (AM):** Can I invite our guests to pursue two additional thoughts? The first is that I hope it is not too hopelessly naïve to say that ideally we would be finding a way of producing less waste overall, rather than simply managing the growing volume. I do realise it is somewhat naïve to say that, but nonetheless that ought to be the goal, and I am sure everybody would agree with that. Are there any thoughts on whether this question has a bearing on, as it were, the generation of the waste rather than merely the collection disposal?

Secondly, is there a difference between domestic waste and commercial waste, if I can call it that? I am not an expert, but something sticks in my head that construction waste forms a huge proportion of the total that has to go to landfill and so forth. Is there an issue here around the governance arrangements around the big construction firms? Are there some bilateral arrangements that a strategic London authority could somehow broker in a

way that the 33, or the 20 or so disposal authorities that we have could not? Is there a difference on the commercial side at all? I would appreciate some help on that too.

**Mike Nicholls (General Manager, West London Waste Authority):** That would mostly be on the planning side. We are particularly interested in the municipal waste sector. Local authorities do collect a substantial amount of commercial waste. I think the real issues with the construction and demolition waste, which is a far bigger sector than the municipal-based sector, are the planning issues of being able to get planning permission for sites to handle that sort of waste. By and large, that sort of waste requires different sorts of plants from the plants that we use for municipal waste, although not exclusively.

**Barbara Herridge (Chief Executive, Waste Watch):** On the second point about which would be better from a waste prevention perspective, I do not think I can answer the question, but I can give you a couple of examples of things that I know are happening at a cross-borough level and then a small-scale level. Certainly, we are doing some work almost as a trial activity on comparing different incentives on re-usable nappies, for example, which is a preventative activity. If we come up with an answer that is the greatest incentive to get people to re-use nappies to prevent waste then, I do not know whether that would be better done on a pan-London basis or at a disposal authority basis, a borough basis, or even at a very localised, community basis. I cannot give you an answer. That is one example of an area where I know boroughs are collaborating to compare different activities on prevention.

We are about to start some work with the boroughs in WRWA on the use of a model for waste prevention that has been used in Belgium. The only activity there that I could see would benefit from a bigger basis is that they have been very successful in doing work on preventing plastics waste. In particular, in Belgium they are encouraging people to drink tap water versus mineral water because that would potentially need the involvement of a water company to help promote and endorse that. That would obviously work well on a larger scale, but it does not mean to say that we could not do it at a local level. Certainly, the work the Belgians are doing started in a very small and quite localised area and now they are looking at expanding it across the Walloon region of Belgium. There are things happening and they are tending to happen on a borough-by-borough basis, but people are also trying to work collaboratively.

**Mike Tuffrey (AM):** This plants a thought in my head about whether in a sense the question before us is about what stage we are at. Are we at the stage of pilot projects, of innovation, of experimentation, in which case one might want a thousand flowers to bloom at a local level? Do we know what needs to be done and it is really a question of putting an engine behind it and driving it forward?

**Barbara Herridge (Chief Executive, Waste Watch):** On the prevention side?

**Mike Tuffrey (AM):** All levels actually, but if it is the latter then maybe we need a big solution, which instinctively I do not like, but sometimes you need to do it at the appropriate levels. I do not know whether there is a thought there.

**Barbara Herridge (Chief Executive, Waste Watch):** I think at the producer end certainly we have found that the work WRAP is doing on minimising waste from particular exemplar products on the producer end is appropriate at a national level.

**Mike Tuffrey (AM):** Likewise supermarkets at a borough or regional level.

**Barbara Herridge (Chief Executive, Waste Watch):** Yes. In terms of domestic waste prevention, the work I am talking about is when the product is on the supermarket shelf and what you can do to change purchasing or consumer habits so that they buy products that are (a) more recyclable and (b) less wasteful. Certainly, the experience of the people we are working with in Belgium is that you can do stuff on that and can have an impact, but you need to have the upstream stuff too.

**Dirk Hazell (Chief Executive, Environmental Services Association):** You asked about producing less waste overall and, of course, that is the right outcome, as is producing less hazardous waste. One of the things that makes all this debate more difficult is the pretence that we are a sovereign state when it comes to environmental policy, and we are not. All the policy that has to be implemented is EU policy. In fact, this country has tended to do as little as possible for as long as possible, as a very broad rule of thumb, in terms of implementing environmental laws, with the single and very important exception of carbon trading.

The work the European Commission (EC) is currently doing in the start-up to the Seventh Environmental Action Programme, and that the Organisation for Economic Cooperation and Development (OECD) is doing, is designed to try to make economic and environmental sustainability the same thing. Over the longer run, that will tend to result in less waste for given levels of economic activity. That is work in hand at a general level. At specific levels there are products that in terms of their implementation levels have been quite problematic but are designed to do the same thing. For instance, the motor manufacturers have known for years that basically they must produce cars that can be recycled, and certainly throughout the whole of this century that has significantly affected the design of cars. Electronic goods will have mercury and cadmium designed out of them under that specific product stream. That is work in hand. Except for the single product streams, the difficulty that local government has is that there is still the generation of waste in the short-to-medium term with obsolete products coming for disposal and obsolete habits.

There is a clear difference between domestic and commercial waste. Probably the only reason you are here this afternoon is because the Landfill Directive requires biodegradable municipal waste to be diverted from landfill.



There is no requirement of commercial waste that is bringing you here this afternoon. Darren Johnson is nodding his head, and he and I probably both regret that fact because there are serious issues on hazardous waste that tend to get pushed aside.

I do not want to be rude about *Rethinking Rubbish in London*. It is a very long document but sometimes it is quantity rather than analysis necessarily, and it is very much focused on infrastructure rather than environmental outcomes. Barbara (Herridge) talked about The Netherlands. Certainly on construction waste we know for all practical purposes that you can get 100% re-use, but the key to that in The Netherlands is not really anything to do with local authority, it is regulation. If you have to have a landfill ban, which they have to have in The Netherlands because they are under water, basically you can regulate to achieve that environmental outcome and that is the thing to do.

In terms of municipal waste and what should be done – should a thousand blossoms bloom – this is where I think it is possible to have real sympathy for the Government. What has been done on the continent to achieve very high recycling rates is based on very established infrastructure. In terms of the municipal level of government in the UK, probably in London there has been £2-3 billion of investment in new infrastructure and the Government wants to make sure that is the right infrastructure. On that basis, I can see why they have not wished to go further and faster and why they have not wanted to put all their eggs in one basket. The truth at the moment is that it is probably better to let a few blossoms bloom, but it would be very helpful if the Government could be a little clearer and a little more stable in terms of the guidance it is giving to local government.

**Dirk Hazell (Chief Executive, Environmental Services Association):** I have two small points to add to what people have said. Firstly, on the issue of producing less waste, I mentioned earlier the targets on minimising residuals, rather than only having targets on maximising recycling. Minimising residuals would clearly have an impact on producing less waste and it would be much more in line with the Landfill Directive.

My second point concerns the commercial and domestic waste issues. You can see the impact of disposal of commercial waste and in particular the cost of disposing of construction waste at the moment with the level of fly-tipping. Hence the authorities are looking increasingly for more powers to control fly-tipping and it is why Parliament and Government have been increasingly happy to give them more powers because of the serious problem of the cost of disposing properly of construction waste.

**Councillor Merrick Cockell (ALG):** Going back to the governance side, in the discussions we have had so far it seems to be that the alternative to the status quo is for the Mayor to take on a lot of powers. However, as we have heard, there are clearly views about whether that is realistic on the disposal side, as well as on the collection side. I think I take Nick Lester's point that it is pretty well impossible to separate or to want to separate the two. Clearly, giving planning powers to the Mayor from Government is one side of it, and

we have talked a lot in this Commission about taking powers from Government to London, wherever it may be in London. We have not quite determined the various areas, but I think we have some consensus on the principal of London controlling itself far more. That is one side of it.

The other side of it is if you look at an organisation, which might be similar to a Waste Authority but controlled from here. For instance, with Transport for London (TfL) you do not see an organisation that is particularly in touch with local requirements, perceptions and feelings. You only have to look at the situation we are in the middle of with Congestion Charging and a community whose feelings are ignored so far, although I hope that may change soon. You are not seeing TfL being in touch. Maybe on the example of Belvedere that was given the same approach would happen and the feelings of local people would be ridden roughshod over.

I wonder if any of you have any thoughts perhaps not on this one alternative, but maybe on the suggestions for alternatives that are in the appendix. In fact, there are some things that boroughs do better, which I would suggest include being in touch with the local community and looking at the local circumstances. We have local circumstances that have led us to have two mixed recyclable collections a week with our normal waste, and a variety of things that are slightly different or fundamentally different from our neighbours whether in WRWA or not. I think those are quite positive choices to offer the electorate. Perhaps it could be some other functional body. It does not have to be the Mayor appointing a board like TfL. It could be a functional body that had the representatives of the body and the Mayor fully and properly represented there, but actually took the strength of both and ended up not with people falling out, as can be the case, but with everyone going in the same direction as far as possible, assuming, as I believe to be the case, that there is evidence that there is a will to go in one direction for all the difficulties.

**John Duffy (Policy Director for the Environment, GLA):** On the point of collection and disposal being separate, in WRWA, in theory you do have a separate collection and disposal system. It is collected by the local authority and disposed of by WRWA. They are not the same authority. A London-wide authority would be very much based on something like that. There would be a voice for local authorities, but whether it should be all 33 having a voice is a slightly different an issue. Nevertheless, I am saying that there is an example, but if you are saying it cannot work by splitting collection and disposal then therefore it does not work now, which is a slight problem.

**Councillor Merrick Cockell (ALG):** I am not saying it cannot work, I am just asking whether it would work.

**Nick Lester (Director of Transport, Environment and Planning, ALG):** If I can come back on John's (Duffy) point in terms of how it is funded because between the existing collection authorities and the joint Waste Disposal Authorities, it is still effectively funded through the boroughs one way or another. The issue that will arise if there is a wider separation is where the

boundary is between what the borough pays for out of the Council Tax and what the Waste Disposal Authority pays for out of the Mayor's precept or whatever. It starts to become an important question when it is two different sorts of people paying. If it is just whether you are paying out of one account or another account, while it is an important issue, at the end of the day it is not as important as if it is two different sets of people.

The point I made about the difficulty of completely divorcing collection from disposal is that you could spend a lot of time and energy just arguing about whether a particular article is a disposal authority's responsibility or the collection authority's responsible to pay, and it becomes an important issue. That is why in the paper we sent round we have suggested about four different options for having a Single Waste Authority, and maybe others can think of more, which range from a TfL-style model through to a voluntary joint committee of the boroughs. You can play tunes on those at different levels, and all of them have different advantages and disadvantages, whether in terms of how you pay for the issues, the speed at which you can get something going, and whether you need primary legislation or not. There are advantages and disadvantages within all of those.

**Mike Nicholls (General Manager, West London Waste Authority):** I would just remind everybody that of course we did have a London-wide Waste Authority based on the joint board model under Section 10 of the 1985 Act and that was the London Waste Regulation Authority. It ran for nine years from 1986 to 1995 until it was taken away because of the national change to the Environment Agency. On the face of it, it should have been a disaster: a joint board with 32 London councillors plus the representatives from the city should not have worked but, in practice, it was very successful and very effective. One of the things that we did not know at the beginning but we saw working in practice is that one of the criticisms of joint boards, and we have seen this to some extent in the Statutory Joint Authorities – not my own of course – is that it is hard for members to leave their boroughs and come to the joint authority and be 100% members of the joint authority. It is very difficult to forget the interests of their home borough.

When you have a very large adjoined board, as we had with the London Waste Regulation Authority, and the London Fire and Civil Defence Authority was a similar sort of thing, the actual influence from the borough gets diluted. If you come with your issue from one borough the other 32 members are not particularly interested and you actually get a very broad strategic corporate working out of that sort of thing which you might not necessarily expect in some of those bodies set up. If there is a view that there needs to be some London-wide waste arrangements, probably on the disposal end because I do not hear anybody talking about it being a good idea to take collection away from the boroughs, I would say that is a model worth looking at. That model has been tried and tested, it has worked before, and it keeps that close liaison between the disposal authority and the boroughs who would then be funding it.

**John Duffy (Policy Director for the Environment, GLA):** Regarding the costs, the issue is whether we can produce value for money. I think it is about value for money, rather than how the bill is divided up, and whether a new authority can produce savings on things like contracts and employment is one of the things we need to look at. I do not think people worry about where the bill comes from; if it the same amount or even less, they will be quite happy with that. Whether it comes from disposal costs or collection costs the issue is whether you can actually make cost savings and that is what we need to prove. One of the issues we have to show is that there can be savings made by a Single Waste Authority.

**Councillor Merrick Cockell (ALG):** I think the reality is that people do mind where the bill is coming from, especially at Council Tax time if they see one element coming from the Mayor which includes disposal and another one from the borough which relates to collection.

**John Duffy (Policy Director for the Environment, GLA):** If their overall bill is less I would assume it may not be such an issue.

**Councillor Merrick Cockell (ALG):** Of course, efficiency is right and proper; we are all trying to run efficient organisations, and sometimes smaller organisations can be very efficient in themselves. There is also the accountability and democratic accountability. We could get rid of all the boroughs and be more efficient in London if that was solely the argument, but we know that is not a tenable argument. I am interested by what you said on the experience. If you could imagine the previous regime but this time with a Mayor, a powerful Mayor with his own mandate, how would you think that would work with the borough representation that has happened before?

**Mike Nicholls (General Manager, West London Waste Authority):** There is a potential problem with the legislation, because you would have the London-wide joint board running things and meeting the bills and the Mayor still with a duty to provide the strategy and the power of direction over the London-wide joint board. A power which the Mayor exercises irresponsibly, as he did with my authority technically because he has the power at the moment. Let us not pretend that the present situation is that we do not have a London-wide Waste Authority because we do and it is called the Mayor. He has an unfettered power of direction in the GLA Act to direct Waste Authorities in what they do. Of course, in exercising that power of direction the Mayor does not have to meet the bill, and we hope that he gets it right all the time. My authority thinks he got it wrong in our case recently.

However, there would be a problem returning to the joint board because of the clash of the 1999 Act with the 1985 legislation. It is a matter for the constitutional lawyers, but I noticed that in the 1999 Act there is the modern section inserted which gives the Minister the power by order to amend previous legislation. I know the constitutional lawyers get excited about this, but it seems to me it would be possible for the Secretary of State to set up a Section 10 joint board for the whole of London, using that power to give the

Mayor a place as a new Waste Authority on the joint board, and then to give the waste planning function and the strategy function to the new joint board.

**John Duffy (Policy Director for the Environment, GLA):** The issue of major investments London-wide and regionally might still be a problem.

**Mike Nicholls (General Manager, West London Waste Authority):** One of the things that has not been commented on, although I thought Simon (Read) was going to cover it, is that there is something seriously wrong with London's structure at the moment. Next to nothing has happened since the GLC was abolished. South East London Combined Heat and Power Ltd (SELCHP) – ELWA managed to let a contract that is not delivered; Belvedere is still not delivered, and Old Oak Sidings has planning permission but nothing has happened yet. This is when for nearly 20 years from 1986-2005, certainly the last 10, there has been an urgent need to do things about London's waste and everyone knew they were urgent. We have known about the Landfill Directive coming over the horizon for 10 years. Why is it that next to nothing has happened? In part, it is the structure. We could think back to how the GLC would have handled it, and it is my belief that if the GLC had been abolished we would not be meeting here now because this would all have been solved.

There is a very real problem with procurement at the moment and it is a problem for both sides. The private sector, on whom much of the burden was shifted by the 1990 Act, cannot get sites and incur all the costs in getting sites and planning permission unless they have a contract or a reasonable prospect of getting a contract. On the other hand, Waste Disposal Authorities cannot readily give contracts to private contractors who do not have sites and no reasonable prospect of planning permission. This has been a major catch-22 situation which stops things happening.

In the old days – some would call them the 'good old days' – Waste Disposal Authorities cut through all that by actually going out to acquire the sites themselves. They would then either develop facilities on those sites themselves, or in modern times almost certainly they would call in the private sector through some competitive system probably to design, build and operate facilities on those sites. That model would take away much of the risk and much of this impossibly high upfront financial burden which is such a disincentive to the private sector to do things. In my perception, the problem is that the present Waste Disposal Authorities are not big enough to get into the market and acquire sites, coupled with the problem that there are not that many sites for waste in London which are not presently being used for waste. In fact, many of them are wrongly sited for the present authorities because our thinking is dominated by our small boundaries. The way the GLC did it they were not worried by borough collection boundaries, but just looked around London in terms of where it could build sites. When it found sites it could build on, it then pursued planning permission and then, regardless of borough boundaries, it could construct the catchment area around those sites.

At the moment, my guess is that probably something like 40% of the land mass in London is not being considered by Waste Authorities because they

are sites towards the edge of their area. My authority is not interested in sites in Richmond because that would mean most of the vehicles crossing the Thames. It is not interested in sites in North Harrow because that is on the northern edge and we are not interested in sites just over the boundaries. Of course, there are sites around the boundaries of the area where if you had an authority which could construct a catchment area crossing the boundaries you could make use of that land. This boundaries' problem is one of the things that links directly into the structure problem. I do not necessarily say that you have to change the structure, but in the future we will need a structure that enables us to get round the boundary difficulty.

**Valerie Shawcross (AM):** I would like to ask you more about the planning issue, because several of you said you thought that was the biggest issue. In fact, Mike (Nicholls) has just opened up that enormously for me and now I understand it far better. One of you said you thought London needed roughly 100 sites in total. I wonder whether or not there has been any differential performance in giving planning consents between the non-aligned authorities, the councils that were handling their own waste disposal and the authorities which were part of one of your sub-regional bodies, and whether or not the responsibility to deal with the waste had encouraged better planning decisions on behalf of authorities. Did passing the issue upstairs to a higher-level authority mean they have also therefore been under less internal pressure to grant statutory planning consent?

**Mike Nicholls (General Manager, West London Waste Authority):** The Statutory Joint Authorities in the two-tier areas have no role in waste planning at all; it is still a borough responsible in all the 32 boroughs in the city.

**Valerie Shawcross (AM):** I meant the granting of planning consents for sites.

**Mike Nicholls (General Manager, West London Waste Authority):** It is nothing to do with the statutory authorities.

**Valerie Shawcross (AM):** I am guessing that a council which is its own waste disposal authority as well as a planning authority would be under more pressure to make a positive planning decision in favour of creating a site. Has that been a mechanism or not?

**Councillor Gerry Ryan (Cabinet Member for Streets and Environmental Services, London Borough of Croydon):** As a councillor I would say that no matter what with planning issues people resent change and react against it. The question you pose about a higher authority taking the pain away from a local authority has some value in it. There is no question about that, because you win a bigger argument if you turn round and say London has a real need to manage its waste in a much better way and we have to do it collectively and the ideal sites or those nearest to ideal as possible are these.

I would welcome that as a councillor in a local authority if a site in my borough was chosen, because it deflects the argument, and that is where the problem lies because you have the 'not in my back yard' factor to deal with. It slightly

dilutes it in a sense. It might win a few more people over because we are being strategic, if you like. Even the Single Waste Authorities work collectively because they get better economies of scale from it, and we can present a similar argument. If a wider argument ensued in terms of 100 sites for London and what they are and where will they be, it would be interesting. My snap judgement would be that that could be helpful generally.

**Valerie Shawcross (AM):** Regarding the application of the Mayor's planning decision powers that he has at the moment for planning consent, I may be wrong, but I get the impression that because of the pressure for land in London at the moment, some of the waste transfer sites in particular are in danger of being lost. Certainly in one of my boroughs pressure for schools is also incredible under this proposal to build on a waste transfer site. Yet you need to have schools and you need waste transfer sites. Is the Mayor using his power to prevent the loss of waste sites effectively at the moment? Has that actually happened?

**John Duffy (Policy Director for the Environment, GLA):** One of the first things he did when he came to power was to put a moratorium on selling waste sites without consultation with him. Most boroughs have agreed and we have stopped most sites being sold. Occasionally they have come with a good case, and we deal with that. We are not the Waste Authority, so we do not always know when a local authority decides to sell off a site until later. With the small recycling sites or things like that we do not always find that out, but where we have found out we have taken legal action as best we can. That is one of the reasons we are chasing the game a little bit here. We have to be told about a number of things.

There is a lot of pressure especially on the WRWA sites that are being sold off. The land is very valuable and a number of those sites are causing concern now that they are coming up for licence renewal. There is a lot of protest against them. I think most authorities realise that protecting them is the minimum they should do and they should be expanding them rather than selling them off. I think most authorities are trying to protect them to some degree.

**Simon Read (Project Director, London Recycling Fund):** I have a reflection on the argument about whether you should have a strategic authority for planning. It would seem to me that if it was like the London Waste Regulation Authority, which I worked for during the time it existed, and I think this was also the case in Oxfordshire, the members who are on a London-wide body who often want to do that are strategic by nature. There are members on borough councils who are local by nature and their interest is with local people. One of the benefits of possibly having a strategic authority is that you will get strategic thinkers on it and people with a strategic interest. I note what Sandy Bruce-Lockhart (Chair, Local Government Association) said to you some time earlier about the same thing, about governance generally, and surely that is a very argument for having a strategic authority.

**John Duffy (Policy Director for the Environment, GLA):** In my experience having sat on WLWA as a London councillor, when I went there was the issue about the tonnage levy and Brent was going to be a loser on that levy, so I always voted against it. The influence for me was our director of finance saying, 'If you move this ... ', and that is the problem you have. Although I understand that legally my view should have been strategic for WLWA I did have to listen to the director of finance, and often the leader of the council, used to say about what my voting intention was. That is one of the problems you have if you come into a strategic body wearing another hat. You are not there just as a strategic body making decisions, you are coming from somewhere to try to influence that for the benefit of where you are coming from. That is the slight problem I have with some of the things that have been put forward.

**Councillor Cameron Geddes (ALG):** On the question of regulation, as its last leader, I am very pleased to hear Mike's (Nicholls) comments about the London Waste Regulation Authority. Dirk (Hazell) also raised the question of the importance of regulation, which can impinge on planning and help or hinder. It is now with the Environment Agency, and I would be interested to know what our visitors felt about the future of regulation across London. Should it be with the Environment Agency or should it be at a London-wide level? Could it be delegated down to local council environmental health departments?

**John Duffy (Policy Director for the Environment, GLA):** It is a good question, and part of what we are looking at but I do not think we have reached a conclusion on where it should be at the moment.

**Nick Lester (Director of Transport, Environment and Planning, ALG):** I think there have clearly been issues in other areas with the Environment Agency, if only in terms of speed of getting decisions. There were problems in terms of getting licences for de-pollution sites quickly enough. At one point, it looked as if we were going to have an abandoned car mountain rather like the fridge mountain, simply because we could not get enough sites licensed quickly enough. I do not know whether that is something the Environment Agency could have changed, but it was certainly a problem that was faced at the time.

I think you can probably look at the regulatory powers that the Environment Agency has and say that certainly some of them could be exercised at a regional level as opposed to a national level. There may be advantages in doing that in addressing the particular problems of London. At the same time, there are always the points that were made earlier on of the attractions of having a higher agency telling you to do something that is unpleasant or that has local objections to it. I think you would almost need to look at it on a case-by-case basis to get a good appropriate balance.

**Darren Johnson (AM):** On this issue of taking a strategic view on the planning decisions, obviously in terms of structure that is a key question. Is there an argument for having a mix of councillors and Assembly Members, in



the style of the London Fire and Emergency Planning Authority (LFEPA) on any new body, as opposed to it just being councillors?

**John Duffy (Policy Director for the Environment, GLA):** My view is that it should not just be councillors. First of all, you have to worry about how big this body is going to be to make an effective decision. I think borough representation is important. The Association of London Government (ALG) clearly has a role on how many people it would nominate, but it is yet to be decided that this is what people are talking about. The better the mix and the less people who come in from another arena wearing a local hat and actually taking a strategic view is what we are aiming for, and certainly what I would like to aim for. The Assembly would have nominations to it, I would say.

**Darren Johnson (AM):** However, LFEPA might prove to be the appropriate model. I think there would be huge problems if you went for functional-body model one where it was just the Mayor who basically appointed an un-elected quango, TfL-style, because in taking planning decisions, it is either a planning decision taken by one individual, the Mayor, or taken by the Mayor with an un-elected quango. I think that would be hugely problematic in terms of the planning option. Possibly option two may be the best way forward because it allows for a mix of Assembly Members and borough councillors in terms of getting strategic thinking on planning decisions.

**Councillor Hugh Malyan (Chair):** There is a bit of a philosophical contradiction that has crept in here, because John (Duffy) talked about the fact that it is very easy for individual members to come with almost their mandated model from their borough. One of the guys over here was talking about the fact that you have a bit of safety in numbers in that you dilute that very quickly. Clearly, if you have anything over eight, nine, 12, or 15 representatives on a body, the fact that one has been mandated because there is a particular problem, will get completely swallowed within that.

**John Duffy (Policy Director for the Environment, GLA):** It can do, but you find people do build alliances. You may come alone, but you may build an alliance, and dare I say it, people do favours at one stage and then repay favours at another stage. If people are there strategically they do not have a local issue to bring or to try to persuade because they are strategic and not related to a local issue. If you have a local issue your job is to persuade others, and there is that slight difference, and you can build alliances, but that is life.

On what Darren (Johnson) was saying regarding the functional bodies and the way they would be set up, we are looking at all the options that are there. However, I think the difference is that what we are suggesting, or what I think may be the way forward, is for the planning body to be separate from the Single Waste Authority, that is the difference. The Single Waste Authority would have to apply for planning permission to the planning body who are separate from it. You cannot actually say we are the Waste Authority, we are going to build it, and then apply to yourself for planning permission, so there are two separate bodies there. The function of planning may go with the

Mayor as a continuation of the planning powers he has, but the body would be appointed by the Mayor or whatever, whichever type you do, but would be different from the Mayor. They would have to apply for planning permission to open a local authority, in the same way as everyone else does, or TfL does, for example, if it wants to build a bus garage. It would have to be that way.

**Darren Johnson (AM):** Is that how it happens in the two-tier authorities?

**Simon Read (Project Director, London Recycling Fund):** The position there is that because there are quite a few members, some members are effectively the planning decision body. It is the county council that makes the decisions, they are the waste disposal authority and the planning authority; it is different people, different officer teams with a Chinese wall, and different members make the decisions.

**Nick Lester (Director of Transport, Environment and Planning, ALG):** I should point out, bearing in mind the previous comments, that it is possible for the 33 boroughs sitting round the table to make decisions as they do through, for example, the ALG statutory role within decision making and that is one where we make and have a record of making strategic decisions.

**Bob Neill (Deputy Chair):** I was delayed elsewhere so it has been interesting to come into the conversation half way. I was going to ask Dirk (Hazell) about this from the point of view of the industry. We can get terribly bogged down in structures and whether or not we have a Chinese wall and who goes on it, and none that makes a blind bit of difference to my constituent who wants her waste got rid of. I want to ask Dirk (Hazell) if his experience and knowledge of the industry gives him any view as to what is most effective, or what would achieve the results that the industry and the consumer wants to see.

**Dirk Hazell (Chief Executive, Environmental Services Association):** It is an opportunity to repeat what I said right at the very beginning which is that the overriding problem is the failure of the Government on a sufficiently timely basis to implement the European law, particularly the Landfill Directive. There is some liberalisation of the planning system that will take effect from 2007 and that might make it a little better in London without anything else happening. I share your view in a way that I think the debate about the structure at the moment is not a particularly relevant debate. We need a clearer planning law. Regulation has been briefly discussed and there are improvements to be made in how the Environment Agency operates, but we are blessed with a regulator that in some ways is a very good one, and in others is not so good.

The boroughs do give planning permissions; they are under more pressure with the laws coming through and they will be under more pressure with the revision of the law to give more planning consents. The Government needs to make more funding available to local authorities. There has been an awful lot of talk about what local authorities do, but the reality is that pretty much all the money comes from the Government anyway, so that has to be made available. Mr Read said I was talking about infrastructure, but I was really

talking about environmental outcomes. There needs to be greater clarity from the Government on environmental outcomes. Until you get all of that framework in place, I cannot really see that it is a priority for the Mayor to seek more formal powers. I can see that he might wish on a voluntary basis to bring the authorities in London together for chats, and I can see value in that, but at the moment there is so much else to be done with the basis framework.

You are right, if you look at the way our industry has to bid for contracts, the favoured vehicle at the moment is the Private Finance Initiative (PFI), but it is not working terribly well. There is something called the Kelly Review that is going on in the machinery of Government at the moment. I think there is an understanding that in the machinery of Government the problem is not the willingness of our industry to compete and put in bids for contracts, the problem is the way in which the contracts are being presented by local authorities. It is not an issue of one level of local government being particularly virtuous, because for all Simon Read's talk of wonderful counties, I can point to county councils that have envisaged specific infrastructure in their contracts and have failed to give planning permission for the very authority that was assumed in the contract.

It is a mixed picture, and although this is not a partisan point but a purely functional point, I have to say that everything goes back ultimately to the EU, which has set the legal framework. There is also the fact that the Government is for various reasons taking an awfully long time to give local authorities the ability to do the job. In a way, you could regard the Cabinet Office review of the Waste Strategy in the last Parliament as being one of giving local government the responsibility of delivering on the Waste Strategy, but without actually giving local authorities the powers they need. I do not think that either for the private sector, or for local authorities, that we are operating in anything like optimal circumstances, but I do not think the question of which particular tier in London is particularly relevant. The only thing I would say is that the Mayor's Office has not chosen to consult us very much in terms of its pronouncements and I do not think the process on the Regional Technical Advisory Board (RTAB) has been characterised by great transparency. I think we were expecting to get a publication today of London being divided into five groups, but we have heard nothing of it.

**John Duffy (Policy Director for the Environment, GLA):** I am unaware of a paper on dividing London into five groups.

**Dirk Hazell (Chief Executive, Environmental Services Association):** We were told we could expect publication of something today. Then again, if we are not consulted very much we cannot really be as well informed as we might be.

**John Duffy (Policy Director for the Environment, GLA):** To clarify that, this is the beginning of consultation. You do not have pre-consultation. We are going out to consultation. It is very difficult. There are some ideas; the ALG have come with their ideas. The consultation starts and then we begin to move on. Certainly we have spoken to some people from the private sector,

and there are mixed views there, but we certainly intend to consult with everybody.

**Dirk Hazell (Chief Executive, Environmental Services Association):** To be precise, it is the proposed revisions to the Spatial Plan.

**Bob Neill (Deputy Chair):** That will be the sub-regional framework.

**Dirk Hazell (Chief Executive, Environmental Services Association):** It was expected today.

**John Duffy (Policy Director for the Environment, GLA):** I understand it will be published tomorrow.

**Bob Neill (Deputy Chair):** Another point of interest to me that follows on is Dirk's (Hazell) point that it is not a structural thing. I understand that, but within the existing structures I got the impression there is quite a lot that the Mayor could do wearing a political hat, as a lobbyist with Government – he is a member of the Government party and so on – for some of those things that probably we would all sign up to. Secondly, what are we doing now that we are moving to this largely sub-regional to integrate the delivery of planning issues and waste and associated issues? At the moment, I assume it is not being handled wholly within John Duffy's area. How are we pulling this together to make sure that everything makes a proper piece?

**John Duffy (Policy Director for the Environment, GLA):** There are meetings going on with Government Ministers all the time. We are lobbying for greater planning powers. I deal with the waste side of it so I put together papers and I have met with Ministers concerning waste management. We are putting together ideas at the moment. We are talking to Defra to see where they are, and a number of meetings are taking place. Over the summer we intend to start wide consultation. It is a plan, and because people have heard about this they have drawn it forward. To be quite honest, my timetable is slightly different than this. We have been drawn forward by people who are interested in it. For instance, the ALG has drawn issues forward. Often this was at the first ALG meeting, which was a reasonably good meeting where we exchanged ideas, but it was premature for me because we did not have a view on where we were going to take it, and we were still out to a sort of wide scoping of what the options were. Now we are beginning to move forward and we will have consultation. I think you have it wrong because we have not been avoiding it; we just have not been ready for that until we had something to consult on.

**Bob Neill (Deputy Chair):** I just wanted to make sure there was a means whereby the waste issue has been fed into the preparation of the documents we will see tomorrow. That is the key thing.

**John Duffy (Policy Director for the Environment, GLA):** Yes, it is.

**Bob Neill (Deputy Chair):** How do we assure ourselves that it is sufficiently fed in?

**Mike Nicholls (General Manager, West London Waste Authority):** I can say that in three of the Statutory Joint Authorities I am familiar with, the planners have been working jointly on the waste issues and consulting with the Statutory Joint Authorities. It is probably happening in the fourth authority area as well and I imagine also in the voluntary grouping elsewhere, that planners will be working together on sub-regional frameworks to deliver what we hope and are told will eventually be plans which are site specific. For the first time, we will have sites under the new framework that Dirk Hazell spoke of, which are actually site-specific, earmarking sites in waste plans.

Just to comment on the issue of the Mayor getting more powers, I do not see any proposal for London-wide waste disposal arrangements and the Mayor getting more powers. In my view, it is actually the Mayor rather generously giving up powers. At the moment, the Mayor has unfettered powers under Section 356 of the GLA Act to direct Waste Authorities in what they do, and there is no effective appeal. I am not saying what I think should replace that, but I am saying this is fundamentally an unsound structure. It is no criticism of the Mayor.

One can see what will happen as the years go on: individual authorities are going to fail to meet their targets for all sorts of reasons; the Mayor will feel bound by his statutory obligations to try to deliver his strategy. It will put London local government in conflict with the Mayor because the Mayor, quite reasonably in those circumstances, contrary to what he did recently to my authority, may well have proper grounds to direct London boroughs and Waste Authorities in what they do. Those directions will impose costs on those authorities, not on the Mayor. The direction may be perfectly proper in the interests of London, but it seems to be a rather fractured situation to give someone the power to direct somebody, but not be given in statute the responsibility to bear the costs and the consequences of the direction.

As I say, the Mayor has been very sparing up until now in exercising that power of direction. He has only done it once, which was to my authority. I am glad he does not have more staff in the office, because if he had he would be more active and there might have been more directions. Treat them mean and keep them keen. However, that is an issue that I think the Commission needs to think about in terms of whether Section 356 is reasonable.

When the Bill was before Parliament we looked at it and thought that it was a bit strong, but then equally we were thinking that the strategy that Parliament was requiring the Mayor to produce was itself going to be a rather broad, high-level document. Hence, we thought the power of direction backed by a broad high-level document was not so bad, it was acceptable, even sensible. Of course, at that time we did not know the Mayor was going to come out with a document weighing almost 4lbs and 370 pages long which tells authorities what they must do with the waste that comes from their cemeteries and the

grass clippings from around the gravestones. We were not expecting a strategy of that level of detail.

I am not saying it is wrong, but as the Mayor has produced a strategy of that level of detail, it means in turn that Section 356, if he has the time and the inclination to use it, allow him to tell Waste Authorities in London down to the smallest detail what they are to do and how they are to do it. Yet the cost and the consequence of that if he gets the direction wrong will not fall on the Mayor and on the Mayor's budget, they will fall on the authority which receives the direction. That is one thing I think the Commission ought to look at. Is that sustainable in the future? The Mayor will more and more be drawn into, for very proper reasons, using his power of direction where Waste Authorities are not achieving their targets and I think that will set up a major conflict that is best looked at at an early stage.

**Councillor Hugh Malyan (Chair):** The contrary view is that the powers have been used sparingly because that is never what they were envisaged for in the first place, if you are getting down to blades of grass in the cemetery, and that of course they will be quickly tested in law and may be found wanting at that moment, might they not?

**Mike Nicholls (General Manager, West London Waste Authority):** My authority and me personally have spent many hours in recent months – happy hours I ought to say – in close consultation with leading counsel on the Mayor's powers. Every minute that passed made us feel more pessimistic about what a local authority can do that receives an unreasonable direction. Members will be familiar with the limitations on judicial review. The High Court, in any event, does not like to see public authorities using the judicial review mechanism to resolve disputes between public authorities. Judicial review was originally established for the assistance of the private citizen rather than folks like us. Equally, the problem is that I think Lord Scarman (former Lord of Appeal) set the limits of judicial review, and a public authority can take a decision which, in common parlance, is plainly unreasonable, but it is not unreasonable in law unless that decision, as Lord Scarman said, verges on an absurdity. That gives the Mayor quite a scope to be unreasonable with Waste Authorities in London before we have any chance of overturning them in the High Court.

**Bob Neill (Deputy Chair):** However, in the ideal situation, having said that the Mayor of London would not do service delivery, he does, but he makes someone else pay for it and do the work.

**John Duffy (Policy Director for the Environment, GLA):** From the Mayor's point of view, there were two legal cases where we have challenged authorities, but it is not the way the Mayor wishes to do it. Racking up legal bills, if that was the case, although that was not the case in either of those cases, is not the way you run waste management in London. You run it through a board that gives direction, and then implements that and delivers. That is the way. You will always be chasing the game, you will always be falling out. If you have to go to court then I think you have lost and the system

does not work, and that is what the Mayor would worry about. Having various court cases going on costing Londoners money while London's elected officials are arguing with each other and costing London ratepayers money, is not the way forward. The best way is to have a system that works and can be delivered on.

**Councillor Hugh Malyan (Chair):** We will draw to a close on that point. I would like to thank you all for coming. It has been extremely useful. I now personally know far more about waste than I did when I entered the building. I forgot to mention at the beginning by way of background that this is our sixteenth evidence hearing today, so we have been covering the full panoply. I may have come into the room thinking that this would be one of the less exciting ones, and that would have been unfair, but it was a thought that crossed my mind. However, I am glad to say that has not been the case because it is actually very interesting, and also it is incredibly important to Londoners what we do about it. Once again, thank you very much for coming in and giving us your time.

**Bob Neill (Deputy Chair):** There is a sense of déjà vu because in 1985 I was a member both of the London Waste Regulation Authority and ELWA. I would hope I have not offended against Chinese walls and other things, but I must say it was nice to re-visit it.

**22 July 2005**

## **Commission on London Governance: Seventeenth Hearing**

### **Evidentiary Hearing with Sir Michael Lyons**

The seventeenth hearing of the Commission on London Governance heard from Sir Michael Lyons, strategic adviser to Government and a Professor of Public Policy at INLOGOV, Birmingham University.

**Present:**

London Assembly  
Bob Neill (AM) (Deputy Chairman)

Association of London Government  
Cllr Hugh Malyan (Chair, chaired the hearing)

Murad Qureshi (AM)  
Graham Tope (AM)  
Sally Hamwee (AM)

### **Transcript**

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I would certainly agree with the suggestion that we need a new settlement. Indeed, I have been arguing publicly for four years now for the need for a new constitutional settlement that recognises a revised set of responsibilities for local government. Furthermore, I think the time is auspicious. I think Government itself is looking for solutions to problems. It has invested very substantially in public services, and does not feel it has gone as far as it wants to go. Local government has made some profound changes in recent years, so it is a good time to be contemplating that.

It is very clear, and my work at the moment on the future of council funding has once again reinforced this conclusion, that the public do not have a clear map of who they should hold accountable for what, and that serves nobody well.

**Councillor Hugh Malyan (Chair):** Taking that further, and obviously based on your wealth of local government experience in the past, you will know the situation now where we have the all but ring-fencing of education funding at local level, and on various bits of housing for some considerable years. However, for me, almost more insidious is the target setting and the performance indicator basket that also gives Government, or Government department, a handle on virtually everything else local government does. Therefore, if it does not organise it formally and publicly, using that basket of indicators, it has, at the very least, a way of exerting pressure behind the scenes. What do you think about the sort of performance-management regime, taking into account that most of local government accepts that there



has to be one, but who are we responsible to with that performance-management regime?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I take the same starting point as you have suggested in that it is clear there has to be one. I think there is room for clarity, going back to this notion of a new constitutional settlement, about those things which Government believes it has a direct mandate that it has fought an election on and believes that it should be held accountable for. That might be a set of things that, in part historically, local government has had a greater freedom on, so there may be some giving up involved there. However, the return surely must be greater clarity about those things that are left that are totally the responsibility of local government where its accountability is to the people who elect it. It seems to me there is a map to be drawn there. If it is a map that is skilfully drawn, it does not rule out the possibility of good local government further contributing to those things which are Government's responsibilities and being clear about what it adds and being able to explain to its community what is done.

In the field of education, for instance, I think there is a lot to work out even in the ring-fencing arrangements and how they carry into the future of how, at a local level, authorities are able to add some extra value and extra quality to the education service. It is important that they do. I sit here as someone who enjoyed all of my education in the London Borough of West Ham, and if it had not been for local decisions then there would have been nothing like the quality of education that I enjoyed.

**Bob Neill (Deputy Chair):** It is interesting that against that background, nonetheless apparently we are still seeing this declining trend in public satisfaction. Can you think of anything that particularly accounts for that, despite this plethora of regimes?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I think there are a number of things, and we might just take some of the top ones. It cannot be independent of the fact that we have now lived through almost 20 years of central Government rhetoric about the weaknesses and failures of local government. If you tell everybody that this institution, this company, this individual is weak, then eventually that is people's perception, so in part it is actually about the very language that has been used about local government. I am sure it is something to do with trust and trust in government at all levels, which I think is weaker now and has been weakened by a number of events, not least the events around 1990 and the introduction of the Community Charge, or Poll Tax, which I am clear damaged local government. In fact, if you look back at polling evidence it shows very clearly that the introduction of the Community Charge, because it was seen to be implemented by local government even though it was not of its making, damaged confidence in local government.

I think local government itself of course has contributed to this, and we have to be clear about that. There are two things I would pick out. I think it has been seen historically as a bit too preoccupied with the interests of its employees rather than the interests of the people it serves, and more recently, here I have some sympathy with those trying to make changes in local government. For instance, central Government-dictated changes like constitutional change, and like preparation for the Comprehensive Performance Assessment (CPA) have meant some of our brightest minds have spent their time ensconced in the 'council house' in City Hall, rather than being out talking to the people. I think that has been part of the picture as well.

**Bob Neill (Deputy Chair):** That is interesting. Perhaps something we could discuss further is how we in local government can change the way in which we do things. Is a different type of leadership required? What do we do with all those people who are not in the cabinet in councils who are sitting around kicking their heels? In your experience, do you think we should be doing more of that?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** With some of the things, looking at the area you want to cover that you have reflected in your interim report, there are clearly issues about engagement with local communities, and the role of councillor as a community representative seems to me to be one of the magical keys. I may say more about that later on, particularly because it was really graphically brought home to me during my time in Birmingham.

**Bob Neill (Deputy Chair):** By all means do it now if you like.

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I will recount an anecdote, because I think there is a lot packed into this very short story. I think this dates back to 1998. For a number of years, certainly since 1984, Birmingham had been trying to improve engagement with local communities in a city of one million people. It had tried a number of experiments and was concerned that it still had not got it right. I have to say it is a debate that continues today, and maybe you can never get it right. One of the things that we were looking at was the functioning of the ward committees, which seemed in some communities to work with some energy, and in other parts of the city they were not really having any impact at all. As part of the research, my colleagues and I on the chief officer's management team, divided up the whole of the city between us and each of us went along to see what the ward committees were like and bring back some first-hand experience. I expect it is a telling reflection that none of us had previously been to a ward committee, so I take some responsibility for the fact that we are probably part of the problem here.

As I remember, I turned up on a cold Thursday night in Handsworth, one of the most complex communities in Birmingham. We all had to wait because the caretaker had not opened the church hall we were meeting in. I am sure

you have all had this experience. The church hall was freezing cold and when we got inside we had three very enthusiastic but inexperienced councillors, and the only officer supporting them was a fairly junior committee administrator. This was an extraordinarily well-attended ward meeting with 55 members of the public there, but itself, if you regard 55 as good it is again a telling indication of how many people turn up. To a person, these people were very angry about street crime in Handsworth. They focused all their anger on the three elected members and the local members' response to this was to try to explain to them that policing was not the responsibility of the city council. You could just tell that this was really the wrong tack to take and very clearly the most articulate members of the public there were saying, 'Look, we elected you to look after us. We elected you to speak for us. We are not interested in what your responsibilities are; if it is somebody else's responsibility get them and bring them here. We want change and we want to see that you mean business.'

I recount that because it was one of those experiences that really stays with you. It really brought home to me the extent to which our council, even though we were committed to engagement with local communities, was not supporting our members in the field, and secondly, they clearly had not been trained for the job they had to do. Thirdly, the public was not interested in what we were responsible for; they were interested in local government rather than the job of providing local services. I think the point there has as much traction today as it had then, perhaps more, in that what we are looking for is a model, which does not lose the governmental functions and the issues of voice for communities.

**Bob Neill (Deputy Chair):** It is interesting because one of the things you mentioned is that they were saying, 'If you do not run it, get the people who do here.' Are there ways in which we should be doing more to achieve that? The police is one example, but one can think of many others, such as the National Health Service (NHS), Department for Education and Skills (DfES), Learning and Skills Councils (LSCs) – the whole raft of quangocracy. Have you found means or can you suggest means whereby as people in local government we can somehow achieve what those folk were asking for, of getting those other agencies there to help with this?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I think there are two parts to my answer. Firstly, it does work well sometimes and in some places. Very often, that is a function of personalities. Strong, capable, local politicians who work well with other agencies are very often so respected by those other agencies that they are eager to contribute. In my experience, the issue of the special status that election brings is well understood by bodies that are not run anymore by elected politicians, and when things work well people understand that there is a special voice and responsibility there that they want to contribute to. We have learnt something about Local Strategic Partnerships (LSPs) and other arrangements in how to get better working relationships and clearer shared objectives, and again, where it has worked well it has delivered some really stunning improvements.

Nevertheless, I do not think it is enough so I will come to the second part of my answer, which is more pessimistic, or rather points to further actions to be taken. First, going back to my earlier comments, I think we have been through a period where local government and elected office in local government has had opprobrium put upon it which has reduced its status amongst other agencies. There has almost been a feeling of, 'Why would you want to associate with local government?' That is not quite the right way forward; it is beginning to break down, but that is part of the issue. I do think there is a job for Government here. This is not a question of the council being one of a number of agencies, and that is the language that has very often been used. When LSPs were introduced, that was virtually exactly the language that was used. I think we have to come back to my point about stressing the governmental role. Yes, ask local government to be fit for purpose to do what it needs to do to do the job well, but say to other agencies that if you call they must respond. If, as all of us are, we are interested in that link at a local level with the citizen, then the person the citizen elects has to be the key conduit there. It is not enough just to see this in terms of good customer care.

**Bob Neill (Deputy Chair):** The LSPs are an interesting point. Do you think they will develop to be budget holders, or anything of that kind?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I have a few reservations there. When we came into the Chamber we were talking about the nature of partnership and how effective it can, but also that there is a danger that it becomes so fashionable that everything we do, we do in partnership. The Audit Commission is just about to publish a 'think piece' on this, really drawing attention to the fact that while partnership brings all sorts of benefits, it also imposes a set of costs. It is often less transparent; it is often confusing for the citizen or the service user, and sometimes it can be very costly and brings a new overhead cost. Therefore, we should be questioning whether we get into partnerships. I think that a robust local authority, working well with its community and confident about what it wants to do, should choose the partnerships that it finds useful and be more courageous about saying 'No, we do not need that here.'

Applying that to LSPs, all the evidence seems to suggest that these have worked well. They have worked particularly well in smaller areas rather than very large areas where there is coterminosity between the managerial responsibilities of the services. I think they have always been a slightly odd body in terms of the role of the elected member because they are slightly managerial in flavour, but again people have found ways of making that work. Clearly, the breaking down of budget boundaries and being able to find the money to put into shared activity is very important. We have seen this in local community safety and in some local health initiatives in particular. Whether or not you want to start creating all of the panoply of controls you need, quite properly, for public money, the confusions of accountability created by separate budgets mean I have my reservations. I am for the fluidity, but I do

not want a whole set of extra overheads here, because we cannot afford to have more and more public money going into the overhead rather than the delivery.

**Bob Neill (Deputy Chair):** I understand that point. In terms of the delivery, is there any particular template for the best way to deliver services? Are some things better done at one level, and some at another? Should we be worried about the idea of delivering things at ward, or neighbourhood, or community level?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I think you can have completely different models of delivery. The important thing is that they have local integrity, and that it is about the type of community you are serving and the history. Indeed, history is sometimes a very important influence on the most effective way to deliver a service. For instance, where your buildings are very often completely shapes the current pattern. I will probably say more about buildings later.

Going back to the issue of the new settlement and what Government has to do, it is unlikely that somebody sitting in a Government headquarters will know enough about the subject to design the grid for every service in every part of the country, the very reason for devolution being the different communities. I want to weave the word 'choice' in there. It is very popular to talk about choice at the moment. It is actually about ensuring that communities have some choice as well.

**Bob Neill (Deputy Chair):** That is very helpful.

**Councillor Hugh Malyan (Chair):** I would like to move away from the LSP, which at the end of the day is meant to be a strategic body. I do think you are right that where you have that coterminosity with the other services, which of course London boroughs have, it has the potential to work so much better. I want to go back to the role of the local council that you have already touched on quite a lot. You have already said some sentences that are ringing big bells. I think you said something like the Government must say, 'If the councillor or council calls you, you must answer', in reference to other public servants that are not directly in the field of local government. We have already done some work on the local councillor's role, but we have more to do. We have to tie it in with the change in the political management system back in 2000/2001, the backbencher/executive split, but also now with the sort of third part of what is now a triangle, which is the community role that was envisaged in the legislation but which, quite clearly, has not been developed as thoroughly as probably even Government hoped that it would at the time.

We have come round to talking about some specific extra rights for the local councillor, such as the right to be consulted by the NHS where it pertains to their ward. We have used an example in saying that not everyone has a hospital in their ward, but virtually everyone has a general practitioner (GP) practice in their ward, so that if something significant is going to happen with

the GP practice, like the hours changing or some sort of therapy being taken away, there is a statutory duty on that other agency to consult with local ward councillors. Of course, you can apply the same with the police, particularly now that hopefully London is getting Safer Neighbourhoods right across the wards in London. Is that the sort of strengthening of the role you were envisaging, or were you seeing it differently?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I think there is a role to be strengthened both at the level of the individual councillor, but also at the level of the council. I do not have the map completely worked out. One of the things I want to be careful about is that I think this must go hand in hand with us changing the way that elected office is sometimes discharged. I know this will be slightly sensitive ground, but I suspect that it will not shock any of you. There are times when councillors' work, speaking individually, well exceeds their remit or knowledge. I think that leaves a very unfortunate legacy, particularly with other agencies.

I can think of different times in my career when there were joint consultative committees with the NHS in particular, which were just an embarrassment. On one side they would be staffed by clinicians who were quite expert in health delivery but clearly open to challenge on behalf of the community, but the dialogue from local councillors was patronising and ill informed. In part, that is to do with clarity about what the role is, and also it is something about the support arrangements you make. I come back to this point, but there are very few types of council in the country that are supporting the representation and voice role. We put all of our resources into the decision-making business role, but there needs to be something about making sure people are supported and trained, and not to put too fine a point on it, selected for their ability to do that very complex and difficult job.

**Sally Hamwee (AM):** You were talking about the respect that quangos have for elected representatives, and that is cheering to hear. Would it be mischievous to suggest you would go any further down that road in any suggestions you have about the powers of local authorities taking over, or taking back what is now with quangos because of the profile and so on of local representatives?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** For me, this is an issue of language as much as intent. I believe that local communities need to be able to hold to account those who spend public money and deliver public services. They need to be able to influence. They need to be able to say what they want, even though sometimes – and they know this because they are actually much more sophisticated when we talk to them – they will not be able to get everything they want, but they need to have a voice. They cannot always do that for themselves, they understand that, and that is why we have representative democracy. It may be unfashionable, but there is still a strong belief in it as an appropriate way of governing a country. I am entirely clear that we need to strengthen all the arrangements that make that possible.

When we start talking about taking things over it has a terribly predatory feel about it, and that is the danger, I think, in that what you end up with is a debate between a group of defensive people saying, 'No, we do not want that'. The issue is about influence and dialogue, and sometimes it is also about power, so I am not naïve about this. It is about finding the right language and not about spending our time in the trench warfare of reorganising the full range of local government responsibilities if actually we can just build on the lessons we have learned about where government works best and just reinforce it to do that job well.

**Sally Hamwee (AM):** This is not wholly unrelated from the issues of performance indicators and ring fencing. I distinguish those two slightly, because performance indicators tend to go towards, 'You have earned the right to do things', and ring fencing is 'money you have to spend in the way we tell you.' It is terribly hard to be the local councillor, however well supported at a local meeting, and say, 'we do not have the money and the money we do have - we are directed very substantially as to how we spend it.'

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I agree, and that is actually why you have government, to make those choices with scarce resources. If you did not have that, why would you need the panoply of local government?

**Sally Hamwee (AM):** I was not talking about capping. I was talking about the fact that Government says the money that is to be spent in a local school is to go towards a new toilet block or a boiler, and we all know that we do not have the resources for day-to-day teaching that we need. You feel very feeble when you are in that situation.

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** Indeed you do, and I think that takes me back to the Chair's opening questions. One of the things I am doing in my current work on the future of council funding that I am very clear about is that the balance of funding has been somewhat over-emphasised. Just moving to a position where local government raised more of its revenue locally, if it had no more power to decide how that was spent, would be the worst of all possible outcomes. The reason for that is because people would expect to hold accountable the council and its councillors for that levying of the tax, but unless they could do anything your frustration would grow immeasurably. You cannot solve this issue of funding without relating it to where the decisions are being made, and that then immediately takes us into quite an ambitious discussion about devolution and the pattern of decision-making we want in the future.

**Councillor Hugh Malyan (Chair):** Going back to the role of the local councillor, in London we have to put that in the context of the Government's pledge to overturn the 1972 legislation, which specifically prevents parish councils and parish councillors in London, whereas obviously they exist elsewhere. We know, because we have spoken to our good colleagues from

the National Association of Local Councils (NALC) that obviously they are very keen for that to happen. We are still of a very mixed opinion at this stage, would be a nice way of putting it, about the efficacy of introducing another tier, a first tier – you must not call them ‘sub’ apparently – into London. Do you have a view on that?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I will begin to sound like a lawyer because I keep answering with on the one hand this and on the one hand that, but I would absolutely understand why you might be equivocal about this. I spent four years working in Nottinghamshire, which is quite heavily parish, and I made a point in the work I am doing on Council Tax to get out and meet parish councillors. At their best, you can find the most extraordinary examples of local government at its very best: no grant support, all the money raised locally, a clear contract between those who are elected and the community about what should be raised and what it is used for, vision, ambition, all of those things. If you looked at that you would say this is extraordinary and we want more of this. You then look at the results of some of the work done by the Audit Commission, and you find some of the most extraordinary excesses in terms of misuse of public office taking place at parish council level because you have moribund councillors. There are some quite extraordinary figures of waste and malfeasance in tiny little communities. You can look at parts of the country where the parish council precept is now bigger than the district precept – an extraordinary outcome. It is a mixed picture. All I can say is that if we could bottle the best it would be great.

The conclusion we came to in Birmingham was that where the community wanted this, then the council should not get in the way, but should actually be facilitative. Furthermore, there might be a time when you might even have a debate about certain services being delivered through that, so you should view this creatively. However, if you have communities that do not want the cost of an extra tier, who cannot see that it would serve them well, then I think the notion of imposing it upon them would be really unattractive.

**Councillor Hugh Malyan (Chair):** We are where we are in London at the moment, with many generations of growing up without this form of government. If I may push you further on this, if you start with a blank piece of paper, as we uniquely do in this situation, would you choose to go down the path of parish councils? I put that in the context of two opposing views. I have gone round the country actually working for your organisation doing CPAs, and my every experience has been of hostility between the tiers, and quite vehement hostility. In about seven or eight examples, although it is a bit of a vox pop, nevertheless there are number of them, I have yet to find anything approaching a decent relationship between the two tiers from one end of the country to the other.

At one level, you can describe that tension as hostile and extremely unproductive, but, in fairness, of course on the other hand it may be that the natural democratic tension or mandate tension between two organisations actually produces something productive. If you put that into the context of the



expanding ward committees, neighbourhood partnerships and area forums, that London which does not have that system is already trying to expand because it knows there is a hole there, which is the better?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I can see it would be good if I did have the answer; I am afraid I do not, but let me offer you some thoughts. There is no doubt that this is seen as alluring at the moment. Government at the very highest level is interested in what you can do at a neighbourhood level. I think we are clear that that is one of the building blocks of good, sustainable, cohesive communities. I think I can probably take you to places in the country where the relationship is good. It is a long while since I was in Nottinghamshire, but there were times when the relationship was good there between the county and the parish councils. I have to say that very often that is fostered because the parishes become friendly with the counties so they can be even more antagonistic to the districts, so it is not without fuller context.

Frankly, I think I would start from the idea of support and empowerment for the local elected representative of the borough council. In my opinion that is likely to get the quickest results, and goes with a grain of some of what we see. You can look to international experience to prove virtually any point, so I will be careful about that, but when elected office is discharged at its very best it is by somebody who is known in their community. It will be someone who is trusted and is able to deal with different interests in the community with some competence. Therefore, the more we can train, select and support people to play that role, the more it is probably the least costly, least complicated way of dealing with local voice and influence. I can see that there might be occasions when you would want to reinforce that in some sort of area or neighbourhood committee. The trouble is that when you end up electing different people with different mandates from the same community, you almost design in a conflict between them.

**Graham Tope (AM):** Perhaps I will resist the temptation to follow that line, except to say that I do not think any of us, here anyway, are talking about imposing what you call the first tier – I might call it a ‘first sphere’ – but rather that they should be permissible as they are in the rest of the country and responsive to local demand. Maybe one of the things we need to look at is exactly the relationship between that neighbourhood level and the London borough. I am a lot older than you and I remember where all this started in London with the creation of the London boroughs and people feeling that even in the smaller ones that they were large, remote and distant. I am sure that feeling has not changed that much 40 years on.

I want to get onto London particularly because most of what we have talked about today has been about local government, although it is very relevant and very interesting. The note we had for one of our previous aborted meetings with you said that you were particularly keen to discuss the following. First on the list was the importance of London as our capital city and its relationship with other major United Kingdom (UK) cities. My first question is deliberately

open. Can I invite you to do that? I think your career and experience is particularly well tuned to give us some views on that.

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I have a very strong view on it. Much of my local government career was throughout a period when London no longer had city-wide settlement, which I think not only did a disservice to London but also significantly disadvantaged the other cities in this country. Some people might have thought it was to their advantage, but inevitably, a capital city is able to do things that other cities cannot do, therefore it tests the upper boundaries. When it does things well it offers models that can be used elsewhere; it competes on an international field that other cities cannot get onto. This is no disrespect to the cities of this world like Birmingham, Manchester and Leeds, all of whom do well, but again, they can be improved by the capital city having the freedom and institutions to compete with the cities of the world like New York and Paris. It lifts the headroom for the other cities. It is also a very important contribution in the voice of cities to Government, and for a long while that gap was not filled.

Since the GLA came into being, and not to put too fine a point on it, the creation of the Mayoral office and the appointment of a competent and strong Mayor, that has done exactly what you would have predicted. It has strengthened the voice of cities and it has strengthened our international competitiveness city to city. I think the other cities have gained from that, although they might not always admit it.

**Graham Tope (AM):** That was going to be my follow-up. Do you think that view is shared amongst your former colleagues in Birmingham?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I am not sure they would want to sit here and say that in front of the press.

**Graham Tope (AM):** They could say it to me in private.

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** Yes, I think they would say it in private.

**Murad Qureshi (AM):** I am not so sure.

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I think one of the problems in London is that most of us in London feel, for instance in funding terms, that the balance is wrong and although we will always contribute, they think we contribute too much to the rest of the country. I think there is a view amongst the rest of the country, and particularly the other cities, that London gets too much and takes too much. The one thing that unites them – London has never been invited to be in the Core Cities Group, for instance – is a sort of anti-London feeling.

**Graham Tope (AM):** That is my view from sitting in City Hall. That is why I asked you the question because you have been around a bit, to put it that way.

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** If I can just come back to the Core Cities Group for a moment, I was the secretary of the Core Cities Group for a number of years and would like to believe that I was influential in strengthening the confidence of that group. I have to say to you that I never saw its purpose as being antagonistic to London, and nor do I believe did any of the most capable politicians of all parties who played a part in that. I do absolutely accept that that does not go for everyone. I have seen people drop back into this, but one of the things I feel very strongly about at the moment, and this will be reflected in my report on council funding, is that I think we have become preoccupied with Government grants in local government. We spend much of our time worrying about how much grant we get. On one level that is understandable because it is such an important part of our resources, but it has led to a sort of dependency culture.

I will give you an illustration. I have done a set of regional meetings to talk to people – this will just play directly into your hands I am afraid – about the future of council funding. At a meeting in the North West, to illustrate the point of how disadvantaged the North West was, somebody asked, ‘What are you going to do about making sure that we get some of the Congestion Charge money?’ Let me be careful though, because frankly I see the same seeds in a little bit of your interim report where you are talking about getting your fair share of this. In fact, collectively we really want to get local government fully engaged in increasing the actual size of the cake, not to keep on squabbling amongst itself about who gets the biggest share, and Government has to take a lead in that if you want to achieve it.

**Graham Tope (AM):** I do not now how much you are willing and able to tell us about your findings and how things are going, so I do not know how far to question you on that, but I would like to raise one particular issue that we feel here. The GLA and the Mayor if you like, precepts on the London boroughs. Do you think it would be better for the GLA to be raising its own tax, whatever form that tax may take, directly from taxpayers?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** The way I responded to your earlier comment was to say you ask me the questions and if I can answer them I will, so there is nothing that is out of bounds, but I will not answer those I cannot safely answer given the state of my thinking and work. This answer falls into that category really. The Mayor has made representations to me about a revised arrangement for funding. The first thing I can say is that precepting is on my list of issues to look at, both here and elsewhere. It does not work terribly well and it is not very transparent in terms of accountability, and it almost designs in a conflict. On the other hand, I think some clarity about who is responsible for the balance of services at a local level is

valuable, and the precepting mechanism does ensure that at a borough level there is some sort of debate. In short, I think there are issues here to be sorted out and I have not come to a conclusion at the moment.

**Graham Tope (AM):** I will only speak for myself – there are enough people around me to say if they disagree – but certainly I have a view that on balance, and fairly well tipped in the balance, the precept causes a lot of interest and usually anger amongst borough council leaders – I used to be one of them – who do take a lot of notice of it. However, it is virtually unnoticed by most London taxpayers who only look at the bottom line, therefore, they have no idea how much they are paying for, nor are they able to make any judgement about the value for the money they pay towards the GLA and its services. Consequently, on the basis of accountability and transparency, in my opinion – it should be you giving us the opinions rather than the other way around – it fails on the two key tests, and a few other tests as well.

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** Your points are well made, and I understand and I am looking at them. Equally, there is no great public enthusiasm for extra taxes and more complex taxation arrangements. I absolutely agree on the weaknesses of the precepting arrangement as you outlined.

**Councillor Hugh Malyan (Chair):** If I can add a rider to that. Of course, I was in a similar situation to Graham (Tope) as a then council leader, and in fact when the mayoralty came into existence and there were some pretty high rises at the very beginning, a lot of us, whatever party we came from, were trying to use the existing legislation, which is incredibly prescriptive about what goes out on the Council Tax form, to stretch it to its ultimate limits to try to draw a distinction on that form between whose was whose. However, I understand that legislation has now changed.

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I think it has, but I think there is still room for further relaxation. It comes out of a particular piece of history when a Government was particularly concerned to prescribe the way that this message was conveyed to the public. It just shows you where you can end up if you try to control too much: you end up dictating the words of a letter, which is self-evidently crazy.

**Murad Qureshi (AM):** I would like to return to the whole importance of London. Clearly, it has been shown with the Olympics, that Manchester and Birmingham could not have won it but London has managed to win it. I would also like to touch a little bit on the emphasis on the economic competitiveness, because I think the nature of the economy in London is quite different from that in the rest of the country, not only in terms of the fact that it is service sector led, but the proportion of the private sector is clearly in the lead at about 70% to 30% whereas I think other in major conurbations it is probably more 50/50 and in Scotland it may be the other way around. How

important do you think those things are and how do they reflect on things like wage levels and national policies on that front, as well as public sector intervention in the housing market?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** That is pretty wide-ranging, but I will ease my way into it and you can help me to be more specific. The first point is to reinforce an earlier point I was trying to make that I think there are some things that if they are going to be done in the UK are only going to be done in London. You will forgive me for saying that I do not think that necessarily goes for the Olympics, and there will be many people who at the same time they celebrate that London has the Olympics will remember that when Birmingham tried it received no support from Government. The Prime Minister (Tony Blair) was not willing to support its bid, and Princess Anne, for instance, on neither occasion of the Birmingham or Manchester bid felt able to come and support it as a member of the International Olympic Committee. There will be some people sitting in the regions who will say when London does it is a national issue, but when anybody else does it is never quite seen in the same way. There is no bitterness in that comment. Indeed, I think London's achievement here is in part built on the sort of work that has been done in Manchester for the Commonwealth Games. As you would rightly say, the benefits would be shared more widely, for sure.

Coming back to the main point of this issue, the economic role of London, it is unquestionably a distinctive city in world terms, let alone in national terms. It is a finance centre and those jobs are very specialist, and if we are talking about financial markets and investment is not made in London, it is much more likely to be made in Frankfurt or New York than in anywhere else in the country. Firstly, I believe cities need to rise to the challenge of that international competitiveness and that is a local responsibility as well as a national one. I think it is a job for local government to make its contribution. Sometimes colleagues in the private sector criticise local government because it is just not clear enough about its commitment to competition and competitiveness. I think it has got a lot better since the 1980s. It also leads me to believe, and you will have seen this reflected in my work on the relocation of civil servants, that you should not do things in London that you do not have to do here, otherwise there is a risk that you drive up wage rates, and the place becomes too congested. Consequently, although this may sound odd, London has an interest in taking some activity and pushing it elsewhere in the country to make space for those things which, if it is going to be done in the UK, can only be done here. That would be the vision I would say of strong cooperation between cities.

I am not sure that London really wants to join the Core Cities Group, but for sure I would be hoping that London and the Core Cities Group establish a common cause on a range of issues where there is everything to be gained from cooperation. The Government at the moment is feeling very benign, and sees cities as growth engines. We have rediscovered the role of cities in western democracy. If you had asked me to construct an agenda, I would put this close to the top.

**Murad Qureshi (AM):** I do not disagree; there are certain things that I do not think are probably best done in London, and maybe they could go further afield. It seems to gel around wage rates and London weighting for example. I do not actually think we do it particularly well, and it seems to be inconsistent across the board. In the case of the police service weighting, it is quite clear that the case has been accepted and whilst I think with other public servants the case is less receptive, both in local and national government. I think that is probably the best way of dealing with the housing problems that we have, in particular, and if that was more consistent I would rather have public servants deciding for themselves where they want to live and how much they want to travel in, than us determining that through the weighting. The irony is that most people who take the weighting do not actually live in London but very often travel in from the Home Counties. Is there anything that can be done on that particular front in terms of the balance between national and local pay bargaining in national and local government?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** Again, going back to that work on the movement of public servants, part of my argument for relocation was to take some of the heat off both wage rates, i.e. the ability to recruit, and issues of congestion, so that those critical public services that have to be delivered locally were not damaged. I think it is crazy if Government ends up having supportive and administrative functions based in London, which absorb people who would have been happier working, or who might have chosen otherwise to work in the delivery of health services, policing, and fire and all those things that have to be done at a local level, when you could have those jobs done perfectly well in Sheffield or Rotherham.

I agree with you that this is quite a complex equation. I do not think it is helpful when public servants assert that just because it is more expensive to live in London, as all the evidence points to, that you should just reflect that in higher wage rates. I have no problem with higher wage rates, as long as it is clear that that is for the jobs that have to be done here. Otherwise, if the job can just as well be done somewhere else, why on earth would you want to make it even more expensive to do here? I think the things go hand in glove. With those jobs that have to be done here, you have to attract the talent to do them; those things that do not have to be done here can go elsewhere because it improves not only London's competitiveness but also its quality of life.

**Murad Qureshi (AM):** In terms of partnership working, which I think Bob (Neill) touched on earlier, the Gershon Review has indicated that we want £6 billion or £7 billion of savings in local government by 2007-08. Do you know the areas where the big savings can be found?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** Peter's (Gershon) work identified six strands for work. I think the area that people are most enthusiastic about is procurement, and understandably, because if you reflect

on the procurement role of local government, you very quickly realise that actually just the sheer range of services and functions that we buy in, if you do that well, means there are then massive savings to be made and efficiency gains and service improvements just at the margin. I think that is self-evidently one of the most important areas. I might take a slightly different tack to some of those who have championed the way that we should respond to Peter Gershon's work. I have mixed feelings, I have to say, about the energy that people are putting into shared services because it does seem to me to be a slightly ironic arrangement that Peter Gershon's work says if you buy more expertly you could make savings, and substantial savings when applied to back-office functions. Our response to that is to try to create wholly new businesses for back-office functions, when actually there are perfectly well tested suppliers of those services already able to offer you highly competitive and secure supply arrangements. That would point me towards a marginal increase in outsourcing as part of that efficiency strategy. That is one side of things.

The other one of the six Gershon strands, which I think is likely over time to prove the most interesting, is the issue of productive time; how you make sure that the key providers of public services are actually spending their time providing the service rather than servicing the organisation. I am confident that there is much to be achieved there in every local authority. The one thing I would add to the agenda in addition to those six is the work I did for the Chancellor (Gordon Brown) on public asset management. I have one regret with that. It did not take very long; it is an interesting report pointing the way to improved asset management and the savings that can be achieved. The scale of the property ownership is quite extraordinary here. In the public sector as a whole, we are talking about two-thirds of a trillion pounds worth of assets. Therefore, you start making some improvements in the way you use those and those you no longer need, and you really see very substantial resources.

I said that I had one regret and that was that buried in the report is a conclusion which was never given headline status, which was the conclusion that we ought to be energetically looking to a future in which public services are less preoccupied with the buildings and with providing services through buildings. I now wish that I had made that the headline conclusion because as time has gone on I have become more and more clear that one of our problems in local government in particular is that we are hide-bound by buildings and the buildings are often very old, and also they are very often located in different places from the communities we are now trying to serve. They were designed for a different time.

The approach is really aggressive, and I think we have seen some improvements. The Secretary of State for Health's (Patricia Hewitt) recent announcement that we would spend more time using paramedics to get attention to people in their own homes rather than bussing them to hospital where they would wait and be at risk of other infection and they might not need to be there anyway, seems to me to be an obvious way forward, and I know it is already being done in London. You see it in terms of the

reconfiguration of the Ambulance Service and the greater use of ambulances. Equally, policing is not about having police stations; it is about having policemen and policewomen and them being able to engage and be with the community.

If you think of the social worker, for instance, they use big buildings, which are often pretty uninviting to clients to come into, when actually most people would prefer to be met in their own home. Most social workers are mobile, but they need the technological back up. One of the big problems in social work is the poor quality of records in casework. Let us invest in the technology of that, reduce the number of buildings, use some of the lessons that are being developed at the front end of the public sector, but particularly the private sector, for better utilisation of offices, hot-desking, etc., so that people have somewhere to come back to to meet up with their colleagues. I think we are really past those days of having the notion that a desk is empty all day because we have to have that space. I particularly think that property assets and releasing public service from buildings and from the preoccupation with buildings would lead to a major improvement in services and a major reduction in the overhead cost of public services.

**Murad Qureshi (AM):** You will be glad to hear that we are getting some way with the Metropolitan Police Authority (MPA) on that front, but I think there is a long way to go yet. The other way we want to touch on in partnership working is the whole way the CPA is working with excellent councils and their ability to take over failing services in other local authorities or other areas. What are your views on that discussion at the moment?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I expect I would summarise it as being benign without being enthusiastic. I will not name them but we can almost think of authorities where things have become so difficult, but it seems that they have found it difficult basically to get themselves back on a path of improvement. The first round of CPAs certainly showed that there were authorities in that setting, and those authorities have gone through some quite dramatic changes. Nevertheless, I think part of the change can be facilitated by just easing the load, temporarily taking some services into care, as it were. That should be a choice for the council concerned, and if there is a neighbouring council that does it well and is willing to take it over, that is fine, and it might even continue as a permanent arrangement. However, it is important that it does not get in the way of the accountability for who is spending the money, so we are back to the fact that you elect people to do this job for you and they need to continue to be accountable. If somebody else is providing the service that is perfectly okay, whether it is a neighbouring council, a private or voluntary provider or whatever, as long as there is a clear contract and the contract is well constructed and there is proper accountability through the commissioner or purchasing body. Indeed, I think we are getting better at that, I think the Government has become less preoccupied with 'we have to do it' and much more interested in 'let us make sure that we find the best way of doing it and that we put our energy into working out what this community wants and how we respond best to it.'



**Councillor Hugh Malyan (Chair):** Can we just go back to one point because I think you said you had mixed feelings about how enthusiastic councils now were about sharing the back-office functions. Did I hear you right, that there was too much enthusiasm for the potential savings that would come out of this?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I want to be careful not to criticise any individual because it is one way of moving forward, and you are right, although I do not think I used quite those words but you are right in the spirit of them. I think there has become a preoccupation with 'let us get together and build a new shared arrangement' when actually there are simpler, more predictable ways of getting the same result.

**Councillor Hugh Malyan (Chair):** On those existing, predictable ways of doing it provided by existing services and the like, I am assuming that you are taking into account that loads of councils are now well on the way to changing their back-office services, even if they are doing it at an individual council level. The customer focus is completely different now, and customer expectation means we are all into customer-focused initiatives that are better than call centres. Whether it is customer centres or whatever we call it, it is the one-stop function, which is already providing that back-office change. Whether that is happening with another council or not is immaterial because it is happening in the council anyway. Does that tie in with what you are saying about existing outside providers of services, the sort of off-the-shelf packages that are already there, or am I misunderstanding you?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** You are quite right to pick me up on this. This is a complex picture. When I am talking about back-office services I am talking about a much wider array of functions such as personnel and human resources (HR) functions, the legal and payroll issues and all those issues, so it is a much wider array than that special issue that we first started approaching through contact centres. Many authorities now have quite sophisticated systems for trying to engage with their communities through customer relationship management (CRM) software and the like, and often a mixture of ways people can make contact, both in places to go to visit, much greatly improved telecommunications contact and email communications.

The first point I want to say is that I think we have only just started teasing at that revolution. Even the councils who are doing very well at it have a long way to go in terms of re-engineering their processes so that the individual service user can get directly in and have a stronger feel in the booking of waste collections and things like that, all of which are possible. That is the first thing, and there is further to go on that route.

Secondly, I am not for one moment wanting to dismiss positive experimentation from that in terms of back-office arrangements, but I think

you can fit into it other suppliers very well. The point I am trying to get to, and it is not just local government but central Government as well, is that the Gershon flag has been raised over a set of back-office shared ventures, which are highly experimental, when actually a straightforward outsourcing would have been more suitable, not of the whole caboodle, the whole customer relationship, but just some of the supply functions. If I distil it down to payroll provision, for instance, whether it is really wise for even a group of local authorities to construct a new shared payroll provision with all the tests that will involve rather than just jointly going to someone who is already doing that for a range of businesses 10 times the volume, is a good question to ask; that is all I am saying.

**Councillor Hugh Malyan (Chair):** I just had a slight concern about the Gershon savings that are going to be made in the future, because some councils, including my own, are going for a pretty 'big bang' approach to back-office savings to pay for the upfront service improvements, and that includes also your property assets becoming part of that arrangement as well. Quite a number are that far down the line, even squeezing their property assets and getting rid of two floors of the civic centre, bringing new people into it, flogging outlying buildings and all the stuff that is involved in that. If they are doing that, there are limited cash savings available for the future if it is just in those areas that it is expected to come from.

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I absolutely agree with you, and the complexity of some of the changes being made is really very substantial. I am aware of what your authority is doing.

**Councillor Hugh Malyan (Chair):** I would like to go forward because I am conscious of time. I think there are two areas in principle that we really need to touch on before we draw this to a close. I would like to finalise this with one or two more issues around the actual balance of funding, or balance of service autonomy, whichever way you put it. Just before we go on to that, can we just have a look at City Hall and the existing executive powers of the Mayoralty? We have been having quite a good look at this, and this is also in the interim report where we made some fairly clear statements of intent about things like the Government Office for London (GOL), particularly using the model of slimming down that has existed with the Welsh and Scottish Offices. Do you have a view on that in terms of London being unique? We can say honestly at this moment there is no other city government of this nature in the country and unlikely to be for the foreseeable future. Do you see a case for reducing the quango sort of elements – although I could not include GOL in that, could I? – and non-elected Government support functions for Londoners and making sure that they are under the auspices of an elected Mayoralty?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** Let me start with things I can be really clear about. I think that one of the alluring prizes for a new constitutional settlement between central and local government is not only greater clarity about who is responsible for what, greater transparency for the

citizen about who is making the decisions and spending the money, but also the dramatic reduction in the collective overhead. In the relocation work, I raised the question about whether or not it was really rational to have Government departments where the headquarters were seen to be an indivisible group of three, four and in one case five thousand people, and whether or not that could be more streamlined.

I think you rightly draw attention to the role of regional offices, where I think if one looks for a sort of balanced scorecard, you can say that they have brought some improvements to Government in terms of their understanding of the distinctiveness of different parts of the country. They can sometimes act as a strong voice for the region in Government, but much more routinely act as the voice of the minister in the region. They are clearly tied up with inappropriate levels of second-guessing other people's responsibility, and I do not think there can be any doubt about that at all. Therefore, there is room for slimming down and for saving there as part of the settlement we talked about earlier on.

You asked me a broader question, and I come back to part of what I answered in that I think there are probably some areas where a redefinition of responsibilities would be helpful. I do not think I will say anything about education because it is so contentious and the Government has a clear view of where it wants to go at the moment. Quite whether that will be where it wants to go after it has tried that out is...

**Councillor Hugh Malyan (Chair):** Can you draw a distinction between compulsory education, which probably is too contentious, and the LSCs?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** That is exactly the distinction I was going to make. I was going to come on to the skills issue. It seems to me that the skills issue is unquestionably an issue where the regional level debate needs to be live. It is about predictions of skill needs, but it is also about the balance of investment, particularly in further education and distance learning. It fits so neatly into the competitiveness agenda, which I think has to have regional championship and design.

I think we should go around and pick a number of areas where there could be a reconfiguration of responsibilities. However, let me first and foremost say that I am back to my point about influence. I think that although I may have reservations about the mayoral model for local government, and I do have and I am on record as having spoken about that, one thing I would clearly want to add to your thinking is that if you have a Mayor it makes it even more important for the arrangements of accountability around the Mayor to work well, to be streamlined but to work well. Furthermore, it is all the more important for those issues of scrutiny and accountability to be effective. In fact, the one thing that a really good Mayor can do is to exert an influence over a much wider range of agencies, and that seems to me how it should be. I draw my model not from the UK but from having looked closely over a number of years at Chicago, in particular, where it seems to me that you have

both a Mayor who exerts an influence well beyond the statutory responsibilities, but has also sought to extend his statutory responsibilities. Interestingly, he took education under his wing, with the agreement of the State, because it needed attention.

**Bob Neill (Deputy Chair):** That is interesting, as we had some evidence from the advisers to Michael Bloomberg (Mayor of New York City) only the other week, and I gather that is a model he has been looking at as well.

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** Yes.

**Bob Neill (Deputy Chair):** I understand that, but it comes back to this. The Mayor can have huge influence and we accept that London does have a unique situation. Nevertheless, as Graham (Tope) said, we accept we are going to subsidise the country to some extent because it is a huge economic driver, but given the amount of poverty that exists in London as well, is it really terribly efficient that London on the most conservative estimate pays in some £6 billion? Other people would say, the Mayor would say, it is nearer to £18-20 million or something like that which is paid in, and then we are dependent on some of that coming back as grant, and inevitably we are subsidising to a very high extent. Is that something which undermines accountability in London, and is it a clumsy system? Are there ways in which one could change that, or is that pushing more than is comfortable for you to say at the moment?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** It is a legitimate question for you to ask. My first response is to say that this is quite a complicated picture because whilst it is true that London is a net contributor, it is also the case that the recent work the Audit Commission did on housing finance shows that tenants elsewhere in the country are indirectly contributing to London housing costs, which I think is quite an extraordinary situation to be prevailing. Effectively, we have a national housing finance system. Secondly, although my work is not complete on this, all the indications are that people who are earning pay a smaller proportion of their salaries or wages in Council Tax in London than in other parts of the country. Thirdly, the argument that says you should not equalise from London to other parts of the country, could be and indeed is deployed within London by those people who would say that actually all of this is really coming from three boroughs, or the City and two boroughs, and basically you should take the argument back and spend much more of that money more locally.

I am clear that it does need to be addressed, that the energy that we have put into equalisation certainly obscures accountability and transparency and gets in the way of that pretty fundamental contract. Why are you taking this pound off me in tax, what are you going to do with it? I think it has led to a situation where even at this moment we think about change, but one of the things that makes it difficult to make the change is because the system is so complex that if you took a little bit out or put a bit in, you do not know where it is going

to end up and you cannot predict it easily until you have modelled it through. My team are spending hours modelling different assumptions about the changes you might make to try to be certain what the effect is, otherwise there is a danger that you make a recommendation and it actually looks different on the ground.

I am sure that this does need to be looked at. I have heard and have had evidence from the City, and I would understand this, where they say they would find it easier to understand why their money is being spent in London than it being spent elsewhere, but there are some issues about other parts of the country and it is a big system to change. All I can say is that it is on the pad, and it is a proper issue to be questioned.

**Bob Neill (Deputy Chair):** I sympathise. When I was an outer London Member I recall having to sit through damping negotiations and other types of smoothing and fudging. I think we all understand that. There is another issue that affects us in London, perhaps from a GLA perspective. The Mayor is raising a precept to deal with essentially strategic services, take the policing or transport as examples. However, the scope where he can vary his revenue, if we take out the prudential borrowing, is narrowed to the domestic Council Tax payer. Is that really a sustainable system for the long term?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** No, I do not think it is a sustainable system, and it has all sorts of weaknesses. The dilemma for us is actually changing the funding system. I will speak frankly because I have said this to local government as a family across the country, that local government has to be clear what it wants here. If it wants a future in which it raises more of its money locally, it has a broader tax base and more say in the way money is spent and is more accountable for that, then it has to wean itself from keeping on referring to more grant from Government, wanting equalisation of every pound that is raised anywhere else. There are some contradictions in local government's voice at the moment, which we have to iron out.

I can understand the concern there is in Government that we are talking about quite large sums of money, and in an environment where people are pretty wary about what they are paying in tax and not in a frame of mind to be convinced that a change is an improvement for them.

**Bob Neill (Deputy Chair):** Politically, I am probably the last person in this room who would want to go down a route that would increase tax. When I was a councillor and Deputy Leader in Havering, because we had the business rate there was an incentive for us to build up our base to ensure that the town centre was a major commercial centre, the same as Croydon was doing and other parts of London, to make sure that we were doing something with some of our industrial stuff along the river. In some things, we are just recapturing that. Is it a bad thing, for example, that we might have wanted to make ourselves more competitive as a location for business to invest than Redbridge or Barking for instance?

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I do not think it is at all, and what is more, again without wanting to give too much away about a report which is still not due until December, one of the things that I am clear on is this issue about economic destiny of a community. Again, I think that is a job for local government; not alone, but the council that has no sense of where its community is going to and of what is in the economic interests of that community is not doing its job. Again, I think you can look both in this country, but particularly in North America, at some of the really big economic transformations. Look at Birmingham's experience of building the National Exhibition Centre (NEC) in the early 1970s, a really big bold move to try to counter the decline of manufacturing at that time. You look at those and you say that is good; that is exactly what government should be doing, working closely with firms and businesses of the area to improve its economic well-being.

I think the problem we are in is one where the business community, having had a period of stability and predictability, liked both of those characteristics, and they decided that a simple campaign is the best way, and, as politicians you know that to be true. Therefore, the simple answer that we do not want any change is much better than saying, 'If we were going to change it would be like this and not like that, just let us not have any change'. I think they properly draw attention to the fact that prior to 1990 it was not as if the system was great; it was not as if in every council there was great harmony, but if you get down below the level of the national associations, and I note that there has been some evidence to you along these lines, then I have found the business community more willing to acknowledge that there is more to be done that has to be financed in some way.

I have found them quick to point out, or to share their anxiety that the Government-driven preoccupation with pushing up standards in education and health has pushed at a local level some other items off the agenda. Moreover, for the business community these are critical items, for instance the quality of working environment. Issues of policing and security are absolutely critical issues if you are running a business in the area and are arguably more important than school-based education or health. In a private conversation and sometimes on the record they are willing to say, 'If we could be sure the money would be spent in this way, if we could be sure of a really effective dialogue about the way the money is spent, then we could see some change.' I do think we have to look at this if we are interested in the type of investment we need not only to sustain our competitive urge, but also for the quality of life we want in our communities.

**Bob Neill (Deputy Chair):** That is interesting and I could think of a couple of ways of achieving that. One is further development of the Business Improvement District (BID) situation and I would be interested in any thoughts on that. I suppose another is to say that you give a limited discretionary menu to local authorities, be it I suppose the GLA or the boroughs, be it in relation to business or other taxation, perhaps a scope to vary within certain bands, and I suppose it might even vary at a borough level.

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I think there is a very wide choice here. You could just take the cap off and raise more from business but not relocalise it. You could relocalise completely or, as you say, bring in notions of supplementary rates at local or even at city-wide level. All of those things are quite possible to think about. You can think of them in terms of being voluntary, subject to agreement with the business community before they are introduced or the way they are operated, and as you rightly say, and some point me to this, by saying 'That is why BIDs were introduced. They have worked very well in North America and there appears to be some enthusiasm from this country because they are launched.'

I would just make two observations about BIDs. Firstly, we are still in the very early days. We know that even in these early days that the transaction costs in getting them up and running are pretty high, and a number of people working on them are saying, 'Hang on a minute, a good chunk of what you are raising you are spending in getting this organised' because not all are transparent, but it does take some doing. Secondly, most of them are fairly small scale, and certainly not likely to deal with the sort of problems we have and we would collectively agree in terms of infrastructure, and indeed the business community would say, 'Come on, let us be more bold on transportation, etc.' I do not think they are going to be the solution by themselves, but they are a very important tool. Again, going back to Chicago, there are some very interesting additional tools, like tax increment funding, and it seems to me this is a very important issue not just for the business community but the residential community as well. If your property value goes up because you are living in a well-managed, prosperous community, then you have gained out of that and that is the link that we should be seeking to make stronger in terms of people's understanding that for a community to move forward it needs to invest in itself. I think the property link is an important one.

**Bob Neill (Deputy Chair):** You could argue that is because you can capture all elements of the community potentially.

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I think you can be very clear who are the beneficiaries of prosperity in the community through who gains. That has taken me to an interest in the distinction between tenants and landlords, for instance, which has got me into a bit of trouble in some newspapers.

**Bob Neill (Deputy Chair):** I will not try to go down that route with you then.

**Councillor Hugh Malyan (Chair):** You mentioned earlier about boroughs not running away with the idea that raising more money locally would be any better if they did not have the responsibility to spend it, and you described the worst-case scenario there. This is something we have touched on in the past about absolutely that point. Yes, it would be nice to have a menu of options

probably for some additional income raising to be a political decision at a local level, but really is it just about the constitutional settlement that you talked about, that however you describe it, some percentage of the grant that is coming across to local government is just going to be for local government? I know that is rather simplistic but actually it is a fundamental point in the constitutional settlements that sort of 10%, 15%, 20% or whatever silly figure you put on it, Government has responsibility for this. 'Yes, it has its performance targets for that as well, but you are responsible for that, here is your block grant, we do not tell you how to spend that part of the money.' It is not even about anything about rearranging a localised tax, it is just about who spends the money that comes in in the first place.

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** I think my conclusion is that this all needs to be on the table at the same time. It is not a technical fix, and it is certainly not a technical fix between local and central government, and I think that is one of the problems about the way the debate has taken place. It has taken place as if it was a debate between the exchequer and the treasurer about how much money you give; it has not been dealt with in public policy and public choice terms. I am very clearly saying that there needs to be a public debate about this for it to pave the way for us to make the right decisions. If we try to do it without the public understanding why you are doing it, I think we would be in danger of making the wrong decisions.

In short, just to come back to the very specific point, there is no one defined route. I do think that it would be desirable to get a rapprochement between central and local government about a shared concern about the quality of services, a shared concern about choice, a shared concern about efficiency, rather than a rhetoric which sometimes suggests that only one of those two parties is interested in those issues when that manifestly cannot be true. If you get the right shared dialogue, then it is possible when you look overseas to see other ways of doing things, which might be about more tax-raising powers at a local level, but frankly could be about tax sharing. For me, one of the big issues is that I do find it extraordinary when you talk to the public about Council Tax and they think or suggest that they believe that they are paying for all of their local services in their Council Tax bill, when we know that it is about one-fifth at best. That shows that we are not educating the public as to what public services cost. Therefore, how can they make informed judgements as either consumers or taxpayers? It is about finding a shared agenda here to educate the public about what things cost. Of course, there is a danger that when they know what they cost they will want to have less of it, but so be it, at least it would be open and transparent. Therefore, we need clarity about what things cost and to look at a range of possibilities.

However, I come back to the fact that just saying to local government in the current climate, 'Here are a whole set of choices you can make' knowing that it is very difficult for you to sell any of those choices to your local people is unlikely to be a solution. I just use this as an example, you have been bold in London in getting the Congestion Charge, but when the Secretary of State for Transport (Alistair Darling) raised the prospect of Congesting Charging



elsewhere in the country he was immediately followed by a series of councils making public statements that they would not use that power. That is their choice, but they cannot have it both ways.

**Councillor Hugh Malyan (Chair):** I think we will draw it to a close there. It just falls on me to say thank you very, very much for that. I repeat that I am sorry we did not have a bigger audience at the end of the day, but I have certainly found this extremely useful, and I am sure my colleagues have as well. Thank you very much for coming and giving us the clear wealth of experience you have right across the piece, but particularly for us in local and regional government, it has been most useful.

**Sir Michael Lyons (Strategic Adviser to Government; Professor of Public Policy, INLOGOV, Birmingham University):** In closing, can I thank you for the courtesy of the way you have used the time today, and say that I wish you well with what I regard as a very important exercise, not just for London.

**Councillor Hugh Malyan (Chair):** Thank you, so do we.

**6 September 2005**

## **Commission on London Governance: Eighteenth Hearing**

### **Evidentiary Hearing on Arts Councils in London**

The eighteenth hearing of the Commission on London Governance heard from the following panel of guests on Arts Councils in London:

- Sarah Weir, Executive Director of Arts Council England – London
- Karin Gartzke, Chief Executive, Richmond Theatre and Chief Executive of the New Wimbledon Theatre
- Cllr Denise Jones, Deputy Chair Association of London Government Culture and Tourism Board

**Present:**

London Assembly  
Murad Qureshi (AM)

Val Shawcross (AM)  
Graham Tope (AM)

Association of London Government  
Cllr Hugh Malyan (Chair, chaired the hearing)  
Cllr Steve Hitchins

### **Transcript**

**Councillor Hugh Malyan (Chair):** Welcome to our guests today. I must apologise for the slight delay in the start with people coming from other meetings. It is very rude to our guests, and we apologise for that. Welcome to all three of you and thank you very much for coming today. We will pretty quickly get into the meat of the business today. We are the Commission on London Governance and this is our 18<sup>th</sup> evidence hearing today; I do not know if there is anything particularly significant about the number 18. We have been doing a lot of work across the spectrum of London Government and its various tiers and also in terms of subject matter as well.

You have received a briefing and outline of the topic areas for discussion today. Commission members will come in with various other points of interest but I will kick off. Sarah (Weir, Executive Director, Arts Council England), in your submission from the Arts Council earlier this year, you said that you would welcome a stronger lead from the GLA in coordinating strategic planning across London cultural partners and you also mentioned the London Culture Strategy and Cultural Consortium. You may have picked up that the Government have today announced a review of mayoral powers; that came out at about lunchtime today so it is hot off the press. This Commission welcomes that because it is part of what we are doing in the broadest sense anyway – a review of the mayoral and GLA powers and responsibilities. In light of this review and your comments about the role that the GLA could play in strategic planning, do you think that the Mayor or the GLA has existing powers and responsibilities to be able to do that effectively, or, in light of

today's announcement about the review of powers, does the Mayor or GLA need any more powers or influence to be able to make that happen in a coordinated sense across London?

**Sarah Weir (Executive Director, Arts Council England – London):** I was not actually aware of today's announcement. As a backdrop to why I said what I said earlier in the year and then moving on to the second part of your question, I think what makes London particularly complex as opposed to any other city in this country is the very complex funding map: you have 33 local authorities, the Government Office for London (GOL), the Mayor and the GLA, the London Development Agency (LDA) and the Arts Council. You have a large number of players and there is no one strategic overview. Everyone has a view of something and there are points of connectivity between all of those subjects and partners, but there are also different agendas and I think it is that complexity that makes it quite a challenging place to work and for us all to make the most of what we are doing. There is some joining up and some signposting from one thing to another, but I am not sure we are all collectively making the most of what we could for London.

In terms of the announcement that has just been made today, you currently have the London Cultural Consortium, which is effectively the Mayor's strategic group. I think our thoughts on that are that we very much welcome it being there and being a part of it. It is the only forum where all the bodies connected with culture can come together: the Museums, Libraries and Archives Council (MLA), the LDA, ourselves, and individual artists and practitioners. Because of that, we hope that more of the diverse voices of London are represented. However, unlike any other regional cultural consortium, there is no direct funding for this from the Department for Culture, Media and Sport (DCMS). Currently, it does not have a secretariat and it does not have a budget. It is chaired by (Rt Hon) Chris Smith (MP) and there are many incredibly important issues coming up, whether we think of London physically, socially, economically, culturally or demographically over the next decade, from the Olympics and Thames Gateway down to smaller projects.

With London, you have the three levels: you have London internationally which is a world city; you have London nationally, which is the capital city; and you have London locally, which is 7.5 million people and communities connected or disconnected from each other. When you are thinking about it on those three levels and with the background I have just given you, I think there is a need for a body to have a strategic overview so that all of those three areas can be thought about and to make sure that the different views are coming right down to the local level which is very important. Different parts of London are incredibly different to each other; whether it is south, north, east, west, central, boroughs are different to each other. We can achieve some quite small thinking within a borough. It is not always so easy to extend that thinking beyond a borough and for a series of boroughs to work together and then to bring in the very large, which is the national and international. Thinking ahead to the Olympics, those sorts of things are going to be crucially important. I would say the London Cultural Consortium is

important, but if it had some funding and a bit more oomph to be able to do things, that would help.

**Councillor Hugh Malyan (Chair):** Just to continue on that point: back to the Mayor who is the executive of the regional London government. The Consortium, fine; however, if we are talking about – as you have done in your submission – the various bits of overlap that do happen, and yes, there does seem to be quite a lot of work going on to iron some of them out, particularly the sub-regional borough groups and all sorts of things going on out there. However, sometimes you do need someone to bang heads together and make it work. Is the mayoralty in London currently powerful enough to be able to do that?

**Sarah Weir (Executive Director, Arts Council England - London):** When you have just talked about things happening on the ground, I would say in the slight absence of that, we have been proactively doing those things. Over the last two years, we have been much more proactive – as we should be and maybe had not been enough in the past. We have gone out and talked to people, particularly gone to local authorities and met the Chief Executives, met the officers at different levels. We have actually taken on that impetus ourselves to work out what is really needed and wanted at the local level. We have really helped to build those sub-regional partnerships. We almost never do anything on our own; we almost always work in partnership with other people. There has been a slight vacuum so we have just gone out and done it and a lot of other people have been doing it as well. A lot of the things have come out of the sub-regional partnerships. There is real benefit to those local authorities working more closely together and you can see different investment going in. Whether you always need someone to bang heads together, I am not sure. A lot of the work that has been done has been very successful so I am not quite sure whether having something else there would have made that difference. I do not know. I think it is up to all of us to think about the bigger picture. That is what is important: to see the really big picture and then work out where the points of connection are between the various bodies. A lot of our agendas will be different and there is no point trying to pretend they are all the same; they should not be the same. You have to find the points of connectivity and concentrate on those for the longer-term benefit of London.

**Valerie Shawcross (AM):** You talked about London having a global role and a national capital role; there is London the region and London the locality. Do you have a strategy that addresses London in all those different layers and how does the resourcing plan follow the strategy?

**Sarah Weir (Executive Director, Arts Council England - London):** There are five key priorities for the Arts Council. These are applied across the whole country but are just as pertinent in London as they are in Padstow or Penrith. They are: the individual artist; regularly funded organisations – the 350 organisations that we already fund, that they thrive rather than just survive; growth; diversity in its broadest sense – looking at cultural diversity including disabilities, social inclusion and young people; and creative partnerships.

With those as the backdrop, we then need to think, 'How can we ensure that everybody living in London has both the choice and the opportunity to get involved with the arts in the way they want to, whether they want to do it and be in it, go to it, or have some behind the scenes part in it?' We fund things in two main ways, firstly through the regularly funded organisations. We have 350 organisations, £165 million. Those go from the National Theatre, the South Bank, the Royal Opera House, English National Ballet, right down to small community groups, whether that is carnival, live literature, music and all sorts of small ones. It covers the whole of London. In terms of where our funding goes for regularly funded organisations, those are often to do with organisations in buildings. That is to do with where the buildings are, where the infrastructure is. If you look at a map of London, you will know that the cultural infrastructure in some boroughs is completely different to that in others. The likes of Camden and Islington, where you have a very rich cultural infrastructure, are quite different to somewhere like Hillingdon or Bexley, for example. That is one thing: we have regularly funded organisations.

Secondly, we have Grants for the arts. That is an open access programme that artists or organisations can apply to us for. They can come from anywhere. When projects come in, we look not only at what the project is like artistically, financially and managerially, but we then have four particular criteria we think about for London and that is to do with areas that have low cultural infrastructure, areas of social deprivation, and people who have not been funded by us before. That might mean in terms of migration, quite new communities who start to get together and apply for funding. Across the country, about 50% of money from Grants for the arts has been to people who have not been funded before. There is a combination of the regularly funded organisations big and small with Grants for the arts, which is across London. We have a particular outreach programme for Grants for the arts because some of the boroughs receive much less money through the scheme than others. Because it is self-selecting and artists apply, it does also rely on working closely with the local authorities, working with the arts officers because they often encourage the artists or community groups to come in and help them with their applications. We are doing an outreach strategy this year on the four or five boroughs that have received the least amount of money from Grants for the arts.

The last and smallest amount of money is seed funding where we might put a bit of money into strategic initiatives, usually working with local authorities to try to start off some ideas and thoughts. We are trying to reach on all three levels through that variety that I have just described.

**Valerie Shawcross (AM):** Thank you for that. I appreciate that you have a very complex job on your hands. Because this is new to me, I do not have any sense of the volumes of money we are talking about. I think that there is probably a fear, which we have in a number of different service areas in London, that sometimes the perception of the rest of Britain is that national is London and London is national. There are national institutions in London, but money coming to those national institutions is supporting national and

international cultural activities. When you subtract those elements of funding from each of the regions that are basically serving national and international institutions, what is the balance of funding between your eight regions for essentially local or regional activities? I appreciate that this is a very artificial distinction, but I am talking about what happens when you have taken out the Royal Opera House or whatever. If you view those as national institutions, how does the balance of funding work out between the regions of the UK?

**Sarah Weir (Executive Director, Arts Council England - London):** There are 10 largest clients across the country and five of them are in London. If you took out those top five in London, that would leave £75 million to 335 regularly funded organisations across London. In addition to that, last year there was £17 million of Grants for the arts. Of that Grants for the arts money, about £5 million was to organisations based in London that would tour nationally or maybe to one other region. London is a fulcrum because you have things coming in to London and going out of London all the time. Other than taking those large five out, it is quite difficult to disentangle national and regional. If you leave it so that you have £75 million to regularly funded organisations, say £13 million Grants for the arts which were just in London, and of those Grants for the arts, about 41% goes to organisations which are culturally diverse or reach a culturally diverse audience. Do not forget, these are self-selecting, so people apply to us through open access. About 50% of that work is what might be termed cross-cutting: things that would come under the headings of social inclusion, disability access, economic development, education and learning and all that type of thing. How that compares with the rest of the country, I do not know off the top of my head. Do you mean person by person? I am not sure what the comparative would be?

**Valerie Shawcross (AM):** Per capita would be a helpful one.

**Sarah Weir (Executive Director, Arts Council England - London):** I am not sure.

**Councillor Hugh Malyan (Chair):** If the total is £300 million for the year and half of that is coming to London, and half of that is doing the big five, the rest of country has the other £150 million. One region – although it is the biggest – has half the money. No, if we take out the big five, we have one quarter of the money, £75 million, and there are eight other regions, so it is still quite a significant predominance for London.

**Sarah Weir (Executive Director, Arts Council England - London):** It is, but do not forget that a lot of the audiences for the cultural attractions in London come from outside London. That is why it is quite difficult to disentangle it.

**Valerie Shawcross (AM):** Coming at it from the other angle, I appreciate that it is difficult and complicated. You talked about sub-regional partnerships but obviously I think that most of us are more used to working with councils and within councils and the programmes that councils generate. Some of the councils within London seem to get some funding and others do not seem to

receive any at all. Is that a matter of policy or do you think that happens due to activity and bidding?

**Sarah Weir (Executive Director, Arts Council England - London):** No, it is not a matter of policy. One of the reasons is that as I mentioned on Grants for the arts, artists self-select. We have many more artists who are living in, say, Camden, Islington, Hackney or Tower Hamlets than in, say, Hillingdon, Bexley or Havering. For starters, you have less cultural infrastructure in many of the boroughs. We cannot do all of this. We cannot be there to also build the buildings.

**Valerie Shawcross (AM):** Would you not have development of cultural infrastructure as one of your objectives? Is that not one of the things you seek to do?

**Sarah Weir (Executive Director, Arts Council England - London):** In terms of capital funding, there has been £750 million of capital funding into London over the last decade. I cannot break down every single project, but that has gone to a variety of projects, some huge and some tiny. Historically, there is more cultural infrastructure in some boroughs than others and that has been there for decades, not just since the Lottery.

**Valerie Shawcross (AM):** Do you see it as part of the strategy or mission of the Arts Council to try to develop cultural infrastructure in areas where there is a deficit?

**Sarah Weir (Executive Director, Arts Council England - London):** As appropriate, yes, but it cannot just be cultural infrastructure. You also have to look at things like transportation. When you look at a map of London – and we have done some work on this with the Mayor's office – if you look at the cultural infrastructure and the transport links, there is quite a clear correlation between the two. You cannot just build something in a place that people cannot reach very easily.

**Valerie Shawcross (AM):** What about the alignment of your funding programmes with other donors? How well do you feel you are working with, for example, the LDA on their cultural industry strategy, or the tourist programme they have, or European funding streams? How well do you feel those collaborations are working and are there any areas you feel ought to be developed more?

**Sarah Weir (Executive Director, Arts Council England - London):** I think there is probably more that we can do together. We do a lot with the LDA. We work with them on capital funding and just recently we have put a new post in place, which is the Thames Gateway Coordinator. This is quite an important post funded by us, the MLA, the LDA, Sport England and the Heritage Lottery Fund (HLF). This is the first time that has ever happened. We have quite a few collaborations with the LDA. There is a website we have developed with them so that artists can see what spaces there are around London that are often empty and could be used. We work with them a lot on

a capital basis; a huge amount in fact – most of the projects we did involved the LDA.

**Councillor Hugh Malyan (Chair):** I wonder if Denise (Jones) or Karin (Gartzke) would have a comment on the linked matter Val (Shawcross) brought in there about the balance of funding across London. I know from previous experiences it has been a large issue in relation to the existing London borough grants, now ALG grants. I saw some figures a few years ago that may have changed dramatically by now and I am afraid I would not know, but they showed that London Arts Board funding did not actually look inner London-centric, but the map I saw almost wrote south London off at the time in terms of funding. Admittedly this was about four or five years ago, but the little Thames snaked through London and all the funding was on one side of it with I think one paltry sum somewhere in the south – in fact, it may well have been Richmond, I am not sure. Do either of you have a comment about that balance of funding? This is about arts more generally as well, but either in terms of the Arts Board or the ALG's grants or any other funding streams.

**Councillor Steve Hitchins (ALG):** Are you for or against this model?

**Councillor Hugh Malyan (Chair):** As the former leader of an outer London borough and one in the heart of the south of London, I am always interested in this particular issue of the lack of arts money in general, or cultural money if you like, that seems to go south London's way.

**Councillor Denise Jones (Chair for the ALG Culture and Tourism Board):** One of the major problems with all arts funding is that it is non-statutory funding. That has always been a big argument that we would like to change; we would like to make it statutory funding. That means that a lot of boroughs do not prioritise funding for culture because obviously there are many other needs within the boroughs. Through the ALG in the last couple of years, the priorities have gone towards celebrating diversity, geographical imbalance, funding programmes of arts that promote health and educational benefits, and participation of disability. Those priorities are coming through all the grants that the ALG gives but running through the grants they give to culture as well. One of the examples that Sarah (Weir) may have given for the way the Arts Council has changed slightly, with priorities in changing the geographical imbalance, is in literature. You actually advertised for a literature development project in east London. Literature is not highly funded but there was nothing going on in east London beyond the Tower Bridge. Now there is a project going on in Redbridge and I think you have had other initiatives as well. The Arts Council is striving to pull in outer London boroughs by those kinds of initiatives. I am Chair of the local authority forum of the Arts Council (ALG Culture and Tourism Board), and in discussions that are held there with officers and different councillors who come, there is always an argument about not enough money going out to the boroughs, but actually they are not putting in the applications. You have to be proactive to obtain the money and to prioritise money for culture within a council; you have to believe that culture is a priority for your borough. We have a bit of political work to do there I think, or we make funding statutory for the arts.



**Karin Gartzke (Chief Executive, Richmond Theatre and Chief Executive, New Wimbledon Theatre):** As a recipient of Arts Council funding and working in two different boroughs, Richmond and Merton, I think there are two issues here. One is the one Sarah (Weir) already suggested which is self selection because art happens in all our boroughs, but artists do not necessarily choose to live or choose to create their work in a particular locality unless their work is very much linked to that locality. Certainly from my experience, the borough of Merton does not have to have as many resident artists as perhaps the borough of Richmond. The second area is that boroughs do not necessarily prioritise the arts and leisure and I think more work could be done going forward to encourage boroughs to take the arts and leisure more seriously. Sometimes you also see it in the level of staffing that various boroughs have. In Richmond we have four officers dealing with the arts; in Merton it is a part-time post. I do not want to particularly talk about those two boroughs, but I think that is a pattern that is happening across London. I think more publicity to artists from the boroughs, more encouragement through the sort of workshops you talked about earlier and more collaboration between the different bodies, perhaps led by the Mayor's office, would be very helpful in encouraging artists to work in those areas that are currently underrepresented.

**Councillor Denise Jones (Chair for the ALG Culture and Tourism Board):** Can I just give a couple of examples of cross-borough working? The Arts Council is also funding a programme called Fusion together with funding from the Neighbourhood Renewal Fund (NRF) and that is working across Hackney, Tower Hamlets and Newham. It is a whole programme of festivals and different events going on across those boroughs. As a knock-on in a sense, because we have now won the Olympics although we did not think we would, the five boroughs in the Olympic area are also working on a cultural programme together. That is being led by the lead members for culture and connecting with Jude Kelly (Chair, Education and Culture Committee, London 2012) and talking to Arts Council and other funders as well. It has not reached very far yet; we are just at the beginning of thinking how to do that.

**Sarah Weir (Executive Director, Arts Council England - London):** Could I just add on your south point, I was looking whilst we were talking at the figures and there are some southern parts of London which are reasonably high up on the agenda. I do not think you could quite count Southwark as south which is number two at the moment, but by bringing together the regions into these sub-regional groupings, in the south sub-region, the arts partnership there has joined forces to pilot a business support scheme for culturally diverse artists and arts organisations in partnership with mainstream business support providers. That is something that has not happened before and it is some of those sorts of things that can really kick start different activities. Some of it is still quite embryonic but that is why it is not always about big bricks and mortar; it is often about some of those smaller initiatives. Picking up on Karin's (Gartzke) point, looking at the end of last year, the top six boroughs in terms of money from Grants for the arts – this is self selecting and this is her point about the encouragement from the boroughs and the arts

officers – are: number one Tower Hamlets, two Southwark, three Camden, four Hackney, five Lambeth and six Westminster. In each of those boroughs you have very active engagement through Arts Officers, a real encouragement for culture. Denise's (Jones) point is very well made about it not being statutory, but you can see the difference in those boroughs that are really seeing it as a part of all the other issues they have to deal with culturally, socially and economically.

**Karin Gartzke (Chief Executive, Richmond Theatre and Chief Executive, New Wimbledon Theatre):** Can I make an additional point? Something that I have found that has been very encouraging is that the arts are being viewed by many of the boroughs now as part of regeneration. I think that is very encouraging and acknowledges that the arts make a great contribution to the regeneration of city centres and also to working with young people in particular, something we see in Wimbledon on a Friday evening. I think the arts can make a great contribution to that.

**Murad Qureshi (AM):** Can I start with Sarah (Weir)? In the responses you gave to Val, there was one element you did not put in the picture: the accountability of the Arts Council and to what extent Londoners can determine the priorities. I am sure you appreciate that you do have an elitist image. I am wondering how that has come about and how you think you are addressing that and how you are reflecting the cultural priorities of regular Londoners.

**Sarah Weir (Executive Director, Arts Council England - London):** How the image came about, well... I have been at the Arts Council for two years. The Arts Council itself was a much smaller body, formed in 1946 when the view of the arts was very, very different to what it is now. There were probably four or five art forms only and a handful of organisations being funded. We now fund 1200 organisations and we cover everything from street arts and carnival to live literature, poetry, opera and theatre – a much, much broader sense of what people want to do. I think that if we could reclaim the term elitism for arts in the way that it is claimed in sport, it only has a pejorative tag when you use it in terms of the arts. The elite athletes are of course the best athletes; they are the Olympic gold medal winners. It has a different sense when you talk about it in terms of arts and culture. When you look at something like Grants for the arts and the applications that are put in, they are things that artists and people want to do, want to come to, want to see, what to be a part of. We are not choosing that and I think that is a really excellent sense of us being out and attracting people to apply to us for things that they want to do. It is not a case of the Arts Council saying, 'Do this, do that, do the other.'

It was the 10-year anniversary of the Lottery last year and back to my thinking of London in the three ways – international, national and local – there was going to be a big splash at Tate Modern. I thought to myself that what was important about the Lottery was that it does cover those three levels. You have the major projects, you have the Tate Modern. You also have some quite tiny projects in boroughs with local community groups. I thought that we should go and be in slightly unexpected places. The Arts Council has not

always gone out and put on a small do in Greenwich Dance Agency for example. We did five events: one in North London, one in South, one in West, one in East and one in Central. The Lottery projects were often quite tiny. We got artists involved and people made films, did all sorts of things about their projects and we got quite a lot of local press about it. On each of those evenings, people really talked about, 'Gosh, yes, I had not really quite thought about that. The Lottery is these small things and these things that affected me. There is that free thing that goes on in the park now that did not happen before.' I do not quite know how you gain an image, but I think that we are working quite assiduously to reflect what London is. I do not say we do it perfectly, but I think we are doing our best to achieve that.

**Murad Qureshi (AM):** Is that reflected in the representation of your board, or is it done through MORI polls?

**Sarah Weir (Executive Director, Arts Council England - London):** We do not have a board, we have a council. There is the council of the Arts Council and then each regional part of the Arts Council like London has a regional council and Denise (Jones) is a member of that. In terms of representation, we have 15 people, four BME, two disabled. Are you talking about that sort of representation?

**Murad Qureshi (AM):** That is one aspect, clearly. Moving into the finances as well, to what extent do you have a commercial bent? I say that simply because a lot of public bodies have had to go down that route. For example, if you successfully funded a programme of artistic activity, which brought in a lot of sales on the ticket box, do you make a claim for a proportion of that, given that you were a key element in funding the project in the first place?

**Sarah Weir (Executive Director, Arts Council England - London):** We do not in quite that way. Say the National Theatre, because it is not that far away from here, some of the plays they put on are very, very successful and they would actually make money on them. We would then expect them to plough that money back into the infrastructure of the National so that other activities they put on like Watch This Space, the free performances outside in the front of the National, things like that are done. They are not going to make money because they are free and you just turn up. We would not take back from the profit of the project, but we would expect people to be able to balance their books. We are a charity and the people we fund, our clients, the arts organisations, are also charities.

**Murad Qureshi (AM):** Can I now move on to Denise (Jones)? You actually raise an interesting question about the non-statutory nature of the arts and culture within local authorities. I have been informed that it has become part of the comprehensive performance assessment that local authorities have and it is quite clear that it is becoming part and parcel of the way local authorities are assessed in the most formal sense from the Audit Commission. Is that a suggestion that we are moving towards it becoming a statutory responsibility or at least people like the Audit Commission are beginning to look at it like that?

**Councillor Denise Jones (Chair for the ALG Culture and Tourism Board):**

I cannot say, but I hope that is the case. I think one of the problems is that the statistics that are used are usually two, three, four years out of date. A lot has happened in London, partly because of the Olympics and partly because of the restructuring of the Arts Council. Although you are saying it still has that image of an elitist council, there has been a lot of movement and a lot more connection with the boroughs in particular and with other organisations such as the ALG, GLA, LDA, MLA and all of those other organisations Sarah (Weir) mentioned earlier. There is cross working, although it is not good enough yet. There should be more joined up working to make sure that we all know what arts are going on in London and that we are servicing them in the best way we can. The profile that Jude Kelly and the Olympics brought to arts and culture recently has helped with Government thinking and the Audit Commission. I cannot say, because I have not talked to the Audit Commission.

**Murad Qureshi (AM):** Local authorities are obviously more accountable than the Arts Council in the way they are set up with local residents, but do you think it is going to help local authorities suggest that their cultural programme is part of their statutory responsibility when offering it to people?

**Councillor Denise Jones (Chair for the ALG Culture and Tourism Board):**

I think it is, yes. A lot of it is to do with parks and libraries. If you look at the statistics they are asking for, it is the performance of your libraries: how many people are going and so on. In Tower Hamlets for example, we are completely changing our libraries. We are calling them Idea Stores and we are connecting life-long learning with library services and putting them in one building next to a supermarket. We have seven of those in a programme over the next couple of years being built and it has tripled the attendance of libraries. However, the statistics we are going to be using in the next EPA assessment are from two or three years ago which do not show what has happened. We think it is quite a brave thing to do and it has actually worked so far. However, we have to find a way of making sure those figures are brought up to date for everybody.

**Murad Qureshi (AM):** Can I just ask a question of Karin (Gartzke)? It is a very complex funding regime we have in London and I am just wondering as a cultural entity, how much bureaucracy do you have to deal with and how do you cut through it all? I certainly have the impression that when you are applying for multiple funding on several fronts and partnerships and whatever, it must have a bureaucracy that means you have greater overheads than you might normally have if you were funded privately. I wanted to hear the views of the artists at the end of the funding stream and how you feel about some of the cumbersome steps you have to take to be funded in the first place.

**Karin Gartzke (Chief Executive, Richmond Theatre and Chief Executive, New Wimbledon Theatre):** I am very fortunate because I have about 30 years of working in the arts now with part of it at the Arts Council so I personally know my way around and what to access, but I always try to put

myself into the shoes of the artists. I think it can be very complex which is why it would be good to have some leadership or coordination across the different organisations and greater publicity of the programmes that are available. I am particularly thinking of young and developing artists. Once they have gone across the hurdle of making an application or having made the initial phone call, they are always dealt with in a very courteous and positive manner and there is a lot of help that is offered to people. It is that initial step of making your application or making your phone call. I am delighted to hear that there are some surgeries now happening in the various boroughs by the funding organisations and more of that would be very beneficial. We have, at the two theatres I look after, taken artists under our wing and done work with them and for them to enable them to put their applications forward or to develop their projects. I have to say, we do receive funding from the Arts Council for a very small studio space that we have and the paperwork can be quite time consuming at times.

**Sarah Weir (Executive Director, Arts Council England - London):** Can I just add to that bureaucracy point because I think you are absolutely right and it is something we have to really pay attention to. It is something I think about a lot because it is a case of the balance for us. It is like being on a tightrope and we need to achieve a balance between imaginative thinking and public accountability. You have to be sure that one does not get out of balance with the other. With Grants for the arts, the application form was redone two years ago and it is just about to be redone again so that it is much more along the lines of, 'Tell us about your project. What do you want to do, why do you want to do it, and who do you want to do it for?' It is less onerous, and I think the fact that 50% of the funds went to people who had not received Arts Council funding before is one example that we are beginning to move in the right direction. I agree with you though, because if you think that you might need to get funding from the Arts Council... I speak as someone who before this job was the Executive Director of the Almeida Theatre so I know all about having to apply for funding from 10 different places, and all of them have different paperwork with different timelines and different deadlines. It is very, very confusing. Apart from us you have Awards for All, you have the big Lottery fund, this, that and the other. You spend half your time trying to find the money and filling in the forms. I think if we could all together think about the areas where we could have some commonality, it would make it an awful lot easier.

**Karin Gartzke (Chief Executive, Richmond Theatre and Chief Executive, New Wimbledon Theatre):** I would agree with that. The greatest problem is if a project receives funding from one organisation and not another. That happens quite often. It would therefore be beneficial if there was some sort of coherent strategy as to which companies to fund and which not. We also have to remember that companies do not just rely on the public purse but also raise funds from business and a whole host of other organisations. It can sometimes be 10-15 and if you have one contributor not contributing and it is a substantial sum of money, it endangers the whole project.

**Councillor Denise Jones (Chair for the ALG Culture and Tourism Board):**

Can I also agree with two experiences, one with the Rich Mix Centre and the other with the Mile End Millennium Park, the building of those two projects. Applying for capital funding from Arts Council, Millennium Commission, private sector, LDA and so on, and all of those working together have different timelines. One organisation says, 'Okay, we will decide when the other organisation has decided.' They are waiting for decisions from each other so you never really receive a decision on time and that very often extends the building contract time and then you have extra costs as well. It really does need looking at, exactly what Sarah (Weir) said.

**Sarah Weir (Executive Director, Arts Council England - London):** The public accountability is of course vital but sometimes that can get lost in the imaginative thinking side of it and then your balance has gone completely out of skew.

**Councillor Steve Hitchins (ALG):** Could I say a particular welcome to Sarah (Weir) who is my constituent. I would like to focus on some of the aspects we have touched upon briefly about regeneration and the planning process and public art through particularly the (Section) 106 planning gain, whether you think that is a positive trend, how much more we can do about that, and how you are having to influence local authorities to put it into their planning process. Before I go any further, I should declare quite formally the LDA interest. That all links up with the LDA funding. How do you find the different types of art funding in people's perception? There is the Royal Opera House on one side, and there is that regeneration aspect and some of the things going on in Islington around the Arsenal development (Ashburton Grove) and trying to make that an arts environment. How does that fit?

**Sarah Weir (Executive Director, Arts Council England - London):** On the planning and Section 106, it is absolutely vital. What is really important here and something that we have done quite a lot of work on – again in a slight vacuum – is guidance that Section 106 must be a part of all redevelopments. If we look at London over the next 10 years, it is going to be completely transformed. There is a list of about 22 projects starting with the largest, which is the Thames Gateway – and I am not talking about the Olympics but just the projects for London itself: Thames Gateway, King's Cross, Paddington Basin, Arsenal, etc. It is going to completely change. This is the moment in that case in this next decade to say, 'If it is going to change in all these ways, what is it going to look like, what is it going to feel like, what is it going to be like for all these people, these 7.5 million which will grow to 8.6, I think: what is it going to feel like on a local level? What is it going to look like on a national level, and how is it going to be a player on an international level because of how we do the spaces?' That is to do with culture, that is often to do with getting the planning game right, getting people to have a creative sensibility in at the beginning. It does not just mean sticking a sculpture on the end of the building; we have enough of those anyway. It means actually looking at the spaces and thinking how people feel about spaces very, very differently. I think if there could be firmer guidance on that, it would make an enormous difference. We do a lot of work on it. We actually employ

somebody – she is on a two-year contract – to work on public art because we could see that this area needed more help. She is now being asked to be in almost all the major projects, whether it is Exhibition Road, whether it is us. Louise Venn, my Head of Development, and I have been with the Chief Executive up at Brent to help with the Wembley Project. We are being asked to be a part of those things because there is a sort of a vacuum. We are in there working there, but there is not, overall, a really strong push that this must happen and I think that would make a massive difference. That is the first part of the question.

In terms of how people see projects, you mentioned the Opera House against Arsenal. They are all about regeneration. People often talk about the Opera House and back to your word 'elitism', but actually every penny that goes into the Opera House from the Arts Council produces three pennies and then on top of that three pennies in terms of economic development it probably produces another four or five, and it produces employment and tourism and various other things. The Opera House of course goes way outside its own building: you have the big screens; you have work that happens all over the country. I think it is quite easy to pigeonhole something like the Opera House and have a certain view of it, and I think it is important to take a bigger, broader view. To me, that is one big redevelopment project just as the Arsenal is another really important big redevelopment project in a different part of London. It is a case of how we try to make those links so that people might think, 'Well, I could go to the Opera House because you can get in for 10 quid on the Travelex scheme, or you can go to things in the Linbury (Studio, Royal Opera House) for less than £10, often for £5.' A lot of the work they do with young artists, the ROH2 with young artists doing combined arts, live music and that sort of thing are £5-6. How can we get people to think about that in a slightly different sense?

**Councillor Steve Hitchins (ALG):** If I could just touch on a couple of things that colleagues raised. I do not want to put words into your mouth, but it would seem to me that you must feel quite accountable for public expenditure through the Arts Council. I know that what we do in councils, through the GLA and LDA, it is a proportion of our spending, but it is not high profile in the same way as all of your spending. If, as in our case, somewhere like the King's Head in Upper Street does not get arts funding, it is a big local issue and you are held to account by the public for that in any different number of ways. I was just wondering, you do not feel unaccountable do you?

**Sarah Weir (Executive Director, Arts Council England - London):** I do not feel unaccountable at all. In terms of Grants for the arts, about 40% of people who apply for the funding get the funding, and about 60% do not. The 60% make themselves very well known to us and the 40% go away with their money and do what they do with their money and we probably never hear from them again. I feel very, very accountable. I thought when I came today I thought that what usually happens would happen which is that I sit down next to somebody and I can guarantee that they will have been turned down for Arts Council funding and then we will have a discussion about it. Actually,

today thank goodness that did not happen which is a bit of a first for me. I am quite happy to be accountable; that is my job, to be accountable.

**Councillor Steve Hitchins (ALG):** Having taken you down that route, would you care to be a bit more specific than you are in your paper in terms of what you would like to see in terms of London governance happening for arts funding? Quite sensibly and quite appropriately, you are not very specific in your written evidence. We would really like to know what you would like to see for London governance changes to improve the quality of arts funding, improve the involvement of local government, elected democratically-accountable bodies, in the whole of the arts areas across the whole of London: what should be strategic, what should be local and how we can work better together.

**Sarah Weir (Executive Director, Arts Council England - London):** I think we have touched on two or three of the areas. One of them is the London Cultural Consortium that I mentioned earlier. I think for it to make the most of itself and for us to make the most of it across London, it needs to have direct funding from the DCMS and a secretariat so that it has some money to be able to do things. I mentioned this Thames Gateway Coordinator. We actually proactively at one of those meetings put some money on the table and said, 'Let us do this. This is of benefit to all of us, every single person in this room.' It was a bit ridiculous that we needed to do that and the MLA needed to do that and it all took quite a long time. If that could have come from a central source, because it is for the benefit of the whole of London, it would have been a lot easier. That is one thing.

Working with the local boroughs. To return to the point Denise (Jones) made about the statutoriness or not of cultural funding, we cannot do everything on our own. I think it is up to us to work more closely with the boroughs and we are making great strides to do that. I think it is about really connecting properly at a local level and finding out in a different way what people actually want. You might say that that has happened endlessly and people are always being asked what they want. However, it is really taking the local view so that instead of asking the question, 'Do you go to the theatre?' you say, 'How do you spend your leisure time and what would you like to spend your leisure time doing? What do you spend your leisure time doing on holiday? If you are in another place, what are the things you enjoy doing?' We can bring a different expertise to how we can get local views properly heard and then develop some of those views. I think at the bigger strategic level, the London Cultural Consortium is important. I think the Mayor's Office, the LDA and the Arts Council need to work more closely together and again I think that we are being quite proactive in doing that but there are more strides to make to bring us together so that we do not have overlap and duplication and then waste.

This work with the sub-regions, I know that you said you are not quite so familiar with that but it really is making a major benefit. I cited one example in the south but there are examples in every single one of those five sub-regions. Central London have commissioned joint work to develop arts in the public realm, including a best practice guide and a conference; in the east we



have worked together on cross-borough touring and marketing, overseeing Fusion, which Denise (Jones) mentioned, ensuring that the arts contribute to the planning and legacy of the Olympics, etc. I think 'small' is really about obtaining the views of what people want and need and we are seeing some of that through Grants for the arts.

Work with the boroughs better. Have proper funding for the London Cultural Consortium. Have the LDA, the Mayor's Office and us doing this more often because again, I talked about the next 10 years and how London is going to change physically. The Olympics gives us a once-only chance; this is our opportunity to leave our gift to the next generation by linking together culture, education and sport, which is of course what Olympism actually is. The three tenets of Olympism are those three things and it is those ampersands between the three words. If we now can really think about how we make the most of those ampersands, I think it could change the whole way that we work post the Olympics. I have been working on the Olympics since 18 months ago, when Jude Kelly and I were wandering around and nobody really wanted to talk to either of us: 'Culture, what is that and who are you?' Now, culture is being seen as an integral and very important part of the Olympics. My eye was always really beyond the Olympics. Yes, get it, but let us have a legacy that will embed culture within what happens in communities because it is a part of communities. If you think about the things that people really enjoy in their lives, apart from, obviously, their friends and their family, often it is something they have been to or seen, whether it is children going to a music thing, whether it is a concert, whatever it happens to be, and I think it is up to us now to try to work better together to make those things happen in a more long-lasting way so that when we have reached the end of that next decade, London has changed a lot, we have done the Olympics, we can see a different landscape in front of us.

**Councillor Steve Hitchins (ALG):** That leads me to the one thing that, refreshingly, you have not mentioned. I think you are one of our few contributors who have failed to mention GOL. That is really good but have you any relations with them, and connections, can you see any virtue in GOL?

**Sarah Weir (Executive Director, Arts Council England - London):** We do have relations with GOL. It was useful having DCMS secondees in there and I think it is unfortunate that the two secondees, for different reasons, there has been a certain absence through illness and that type of thing. I think it is fair to say it is not the most important relationship we have. In terms of things like European funding, it sometimes gives a slight added complexity.

**Valerie Shawcross (AM):** You have talked about aligning funding programmes, aligning strategies between the different organisations with a role in the arts in London. I think you are saying you would like to see more leadership from the GLA. Is the current Mayor's cultural strategy inadequate? Does that not provide enough impetus, or is it not detailed enough or broad-ranging enough? Is that not the tool that you need?

**Sarah Weir (Executive Director, Arts Council England - London):** It is certainly not that it is any of those things, but it is just a strategy. What you need is to be able to deliver it. We are the people who can deliver it. We have the expertise and knowledge on the ground to be able to deliver it. If you read through that strategy, the Mayor needs to work in partnership with a huge range of people to deliver it. If anything, there is so much in there that we need to think about the things that are truly achievable. We work very closely with the Mayor. We were partners in the fourth plinth; there are all sorts of things. We work on the Thames Festival and a lot of the events that they fund. I think that the strategy is just that and it is a case of how we deliver that strategy.

**Valerie Shawcross (AM):** Would I be correct in saying that what you would like is some London-wide action plans that were agreed between the agencies? It is the gap between the strategy and the delivery.

**Sarah Weir (Executive Director, Arts Council England - London):** I think so, that is absolutely right. We are talking about the agencies but we must also remember all the people who live in London and getting those voices in. Each agency comes from a different place. Where is the point that goes like that, and how can we use those that connect from that strategy to say, 'Yes, now we can see the reality of what we have done'?

**Valerie Shawcross (AM):** We talked about the difficulties of co-funding and we are all aware of that in every walk of life: regeneration etc, match funding. Why is there not a single collaborative pot there for arts development in London?

**Sarah Weir (Executive Director, Arts Council England - London):** It is because it comes from so many different places. Some will come from the DCMS, some might come from the Department for Education and Skills (DfES)...

**Valerie Shawcross (AM):** Could you not voluntarily negotiate not to put everything into it, but is there not some scope for some sort of collaborative action to create a single pot?

**Sarah Weir (Executive Director, Arts Council England - London):** I think that would probably be a useful conversation to have with Government.

**Valerie Shawcross (AM):** Would they prevent you from doing it at the moment?

**Sarah Weir (Executive Director, Arts Council England - London):** No; Creative Partnerships, for example, is a very good example of that. It is DCMS funded, DfES funded, run by the Arts Council. There is one example but there could probably be a lot more.

**Valerie Shawcross (AM):** In terms of ESF funding, the Government now has a system whereby if the ESF finding comes to your project, you receive

matched Government funding. There is a joining up of that process. Is that not something that could be done in the arts?

**Sarah Weir (Executive Director, Arts Council England - London):** I am not sure is the answer. You are right that we do need to do more on that but it is the route of where that money comes from. That is not to say you cannot sort that out, you can sort out anything. You just have to look at the challenge and find the solution.

**Valerie Shawcross (AM):** Do you think there are a lot of expert officers in different agencies and organisations assessing the same projects?

**Sarah Weir (Executive Director, Arts Council England - London):** Unquestionably.

**Valerie Shawcross (AM):** Could you release a bit of administrative money if you had some compact between them to say, 'We will co-fund that if you decide to fund it, etc'?

**Sarah Weir (Executive Director, Arts Council England - London):** Yes. There is, but the issue there is that if you look, for example, at the HLF, Arts Council and maybe Millennium Commission – although that is coming to an end – HLF will have one set of objectives, the LDA will have another set of objectives and the Arts Council will have a third set of objectives. Each of them will be looking for different things from that project and I think what you are describing is that you could still have that so the three of you could have your specialist needs in there, but it is the bit in the middle which is the same for all three that could be done in one place rather than in three places.

**Councillor Hugh Malyan (Chair):** Just on that point, to put an alternative question, is there not a risk that at some stage that would interfere with the diversity of what is coming forward from people, from the artists? Denise (Jones) talked about how difficult it is having to make five different applications to five different organisations and obviously that is bureaucratic and difficult, but if you have a single pot where you have squared off some issues, philosophically speaking, there is an exclusion that could happen with that at the same time. Is that an issue?

**Sarah Weir (Executive Director, Arts Council England - London):** Yes, I think you are right. I actually had in my mind when I was using that example more of a capital project, a building project. I think in terms of cultural projects themselves, you do have to be very careful about that because it is really important. To return to Grants for the arts, because it is self-selection, that is why we receive such a wide variety of projects. It is not the Arts Council dictating what artists or arts organisations or people want to do, it is them coming up with ideas and putting them forward which is very different.

**Karin Gartzke (Chief Executive, Richmond Theatre and Chief Executive, New Wimbledon Theatre):** I think that the diversity of funds in welcome in

many, many ways, but coordination such as coordinating the deadlines, those kinds of things would be very welcome.

**Councillor Hugh Malyan (Chair):** A couple of things and we will wrap it up. Slightly controversially, on the board representation for the London Arts Council, our briefing notes tell us that it is 15-strong and that six of those 15 seats are for representatives of local and regional government, so that will be the GLA and boroughs. Denise (Jones), I assume that includes your representation. I do not understand where the other nine come from.

**Sarah Weir (Executive Director, Arts Council England - London):** Six are as you have just described. We then have two representatives from the Mayor's office so that is eight, and then the rest are people whom we have advertised for to join the regional Arts Council. We try to ensure that they represent as many parts of London as possible: people who are practising artists; people who bring skills in terms of governance, though not necessarily government since we would have that from the people from local authorities; people who have worked in different art forms, and maybe have worked internationally – for example, Graham Sheffield is on the regional Arts Council from the Barbican.

**Councillor Hugh Malyan (Chair):** Who signs them off? You advertise, the applications come in. Who makes the final decision on whether that person is going to be a board member or that person?

**Sarah Weir (Executive Director, Arts Council England - London):** We do. I see them, with my Chair.

**Councillor Hugh Malyan (Chair):** Is that the practice around the rest of the country in the regions, more or less?

**Sarah Weir (Executive Director, Arts Council England - London):** Yes, it is. Actually, there are more in London who are pre-chosen because the other regions do not have the Mayor's office.

**Councillor Hugh Malyan (Chair):** To take that further, then, could you comment on the possibility of the Mayor of London, based on the fact that London is unique with the only democratically-elected regional government in any one of the regions, having a greater influence over board selection, through appointment or any other mechanism?

**Sarah Weir (Executive Director, Arts Council England - London):** It is important to make the distinction that it is not a board it is a council. The reason that is important is that it is an advisory council and the emphasis would be slightly different in terms of accountability and the sorts of things a board would do.

**Councillor Hugh Malyan (Chair):** I am sorry; on that point, are you and the professionals in the organisation responsible to the council for things like the

budget, and can they alter it if they disagree with what officers, professionals are proposing?

**Sarah Weir (Executive Director, Arts Council England - London):** Every three years, the major decision that is made by the regional council is that the budget is set for the regularly funded organisations every three years. That was done last year for the following three years. We involved regional council members in that, we put forward proposals and if they are accepted by the regional council, which they were, we then go ahead with those. Changes cannot then be made by the regional council. If you mean that somebody then decided that actually we should be funding x or y or z, no, that could not happen because we have the expertise and have gone through quite a rigorous process as to why x or y or z is funded. In terms of Grants for the arts, those decisions are made by the executive. Overall, all the budgets are set by the national council. The national council is made up of the chairs of every regional council, so the majority of the national council is the regional chairs. The regional chair is Lady Hollick and she is the voice of London on the national council.

**Councillor Hugh Malyan (Chair):** Who appoints the Chairs?

**Sarah Weir (Executive Director, Arts Council England - London):** The Chairs are appointed by the Secretary of State.

**Councillor Hugh Malyan (Chair):** Would it be possible on this principle, that London has its own democratically-appointed regional authority, for that appointment in London to come across to the GLA rather than staying with the Secretary of State?

**Sarah Weir (Executive Director, Arts Council England - London):** I suppose it could. I am trying to think through quite what the advantage would be of that.

**Councillor Hugh Malyan (Chair):** That the GLA is accountable to Londoners in a more direct sense than any Secretary of State is going to be.

**Sarah Weir (Executive Director, Arts Council England - London):** Right. I think what is quite important on the regional Arts Council is that we do have representation of artists and people who bring the different voices of London. We are pretty close to that. We openly advertise. People would know about us and there are two spaces at the moment. I would expect we might be closer to that than the Mayor would be, as to who would actually represent London in a cultural sense because that is what we are doing every day of the week.

**Councillor Hugh Malyan (Chair):** Thank you. I have one final point on something Val (Shawcross) raised at the beginning, and I am going back to south London again. You talked about various bits of seed funding going on anyway and it seems to me and I know that others in the ALG have had this discussion, debate, nay argument, about London borough grants – now ALG

grants – and the absence of any significant investment or funding in particular wards. They tend to be outer London or maybe predominantly south London. It seems with the ALG that they have reached a chicken-and-egg situation where others have said, ‘You do not have the capacity and your boroughs are not hiring the officers to help bidding processes,’ and all that sort of thing. Even if boroughs do not do that, and maybe it is a good thing that they should, but if they do not, is that the only reason why it will not happen? Does nobody else have a responsibility to make sure that there is cultural and arts development in outer London boroughs even if the local council decides that it is not going to do it? Does the London Arts Board, and others – and this will apply to ALG grants, where I think these days some money is set aside for building capacity in those boroughs that traditionally have not encouraged or sought applications from artists and activities within their own borough – is there not a responsibility for the Arts Council to be doing that?

**Sarah Weir (Executive Director, Arts Council England - London):** I think it comes back to needing to work in partnership with others. We are doing that in the sense that our outreach strategy at the moment is for the five boroughs that have received the least amount through Grants for the arts, which are Bexley, Bromley, Havering, Merton and Sutton, so that covers some of your southern area. However, we cannot do it on our own. I think it is a shared responsibility. If we go back to your question of how we should work better, it is not really a case of saying, ‘Even if the borough does not do it, should you not do it?’ It really needs to be a case of seeing the value of it and working together on it because otherwise it can become a bit divisive: ‘We are not going to do that but should the Arts Council not pick it up anyway?’ Over the last few years, I know that the funding backdrop against which we are working has been incredibly difficult. I understand that and difficult decisions have to be made all the time, but the funding of arts and culture through the local authorities has dropped quite considerably. We cannot pick up that drop because we do not have the money to do it. Laying aside whether you think that was right or not right, we do not have the money to do it. I think if you work together, two people working together can create a lot more than each side saying, ‘We are not going to do that but we will leave them to pick up the responsibility.’ I am not sure that is quite the right way to be coming at it.

**Councillor Hugh Malyan (Chair):** I absolutely accept that partnership working – particularly amongst public bodies – is usually going to be more effective in terms of the outcomes it can produce at the end of the day. It was not just about boroughs and whether they are good players or not good players. It could be about other organisations. It was more back to the Arts Council’s core responsibility. Who is it here to do this for? It is here to do this for all Londoners, so regardless of whether it is a private sponsor or local council over there or whoever, or even ALG grants, not doing something that could have been more helpful to everyone concerned, if you have a remit for the whole of London, should you not be doing something for the whole of London, regardless of what those other organisations are or are not doing?

**Sarah Weir (Executive Director, Arts Council England - London):** We would never not do something regardless of what other organisations are or

are not doing. Our strategy over the last couple of years working with local authorities has been first and foremost to go to the local authorities where either very little was happening to talk to them, understand where they are coming from, what are they trying to do, which helps to inform our outreach strategy and how we try to work with them. Secondly, we have looked at those boroughs where there is a lot going on and how we can make more of it. We did particularly prioritise those two sets of boroughs first. It would never be the case that we would not do something just because nothing else is happening. If that were the case, we would not be doing the outreach strategy and Grants for the arts, we would just say, 'Havering has nothing; well, Havering has nothing.' That is not the case. We then go to Havering and see how can we help them.

**Councillor Denise Jones (Chair for the ALG Culture and Tourism Board):**

Can I just add something? There is a connection with the ALG having a fund. It is called the Outer London Cultural Development Fund. That is £155,000 out of £2.347 million. It is small. It was an experiment and I think it can grow. The amounts of the grants are roughly £10,000 and under and they are in Havering and Enfield and Merton and places like that. They are projects working in prisons, drama projects in the street, working with the elderly or that kind of programme. If there is something successful there, we need to make sure there is the ability to follow on. If something needs to grow, we need to make sure that this seed finding is actually seed funding and there is somewhere else they can go for longer-term funding.

Can I just say something about the public realm? You were mentioning earlier on about that whole side of things. A lot of registered social landlords (RSLs) have become very interested in public realm and the arts now. It is very important that they do not see art as an add-on, that after you have built something you bring in an artist. There is a programme now where artists are being embedded in planning teams so they are there right from the beginning and art is seen as part of the whole regeneration scheme, not just something you add on afterwards like a mural on a wall. You have not mentioned making the case for the arts and I think that is a really important thing you could be looking at so that you raise the profile of the arts. The ALG puts in money towards Visit London, promoting tourism in London, and so does the GLA. It is now moving more towards east London and outer London from the centre, but in terms of arts and culture, they could be a very valuable tool to raise the profile of the arts in London.

**Sarah Weir (Executive Director, Arts Council England - London):** Could I make one final point about people within London and our remit being for everyone in London? You are absolutely right. The other point I should have made is that people do not just stay at home or stay in their own borough. People are tourists to other parts of London. That is also incredibly important. Yes, we are for the whole of London, but if you think about what people do in a week or a month or a year, they might go to different parts of London. I think it is important to have the arts within reach, something you can go to that may be in your local park or local mixed-use building, but also a big event that you might travel to and you might want to take a train or bus and travel to

another part of London and go to. It is a case of both of those, so that takes us back into our local, national, international. People do not just stay in one place.

**Councillor Hugh Malyan (Chair):** Thank you. We will stop there. Can I say a really big thank you to all three of you for coming today and giving us the benefit of your experience with the arts. We are on a timetable. For information, our intention is to conclude the whole of our Commission by December 2005 or January 2006. As I said earlier, because the Government have now announced the review specifically of the GLA, we are also in the process of producing another interim report to make sure that we feed into that process at the appropriate time. The arts was one of the areas that Commission members wanted to cover at the very beginning when we discussed the issues we wanted to look at in terms of London governance. Amongst a significant number of issues, the arts in London were one of them. I think there is a general recognition amongst elected folk that the regeneration possibilities you talked about earlier out of art, and whilst we all believe it should never be just for that – there is art for art's sake or whatever the expression is, that it has a civilising effect anyway – clearly there are significant regeneration possibilities that come with a great deal of different cultural aspects. We will be drawing up some conclusions in this respect as part of our final report nearer the end of the year. We will conclude there. Thank you very much for coming here and giving us your time today.

**Sarah Weir (Executive Director, Arts Council England - London):** If you need any more help in that process, I would be delighted to help.



**13 September 2005**

## **Commission on London Governance: Nineteenth Hearing**

### **Evidentiary Hearing with Rt Hon Nick Raynsford MP**

The nineteenth hearing of the Commission on London Governance heard from Rt Hon Nick Raynsford MP, former Minister for Local Government and the Regions.

**Present:**

London Assembly  
Bob Neill (Deputy Chair)

Darren Johnson  
Richard Barnes  
Valerie Shawcross  
Graham Tope

Association of London Government  
Cllr Hugh Malyan (Chair, chaired the hearing)

Mayor Steve Bullock  
Cllr Merrick Cockell  
Cllr Steve Hitchins  
Cllr Edward Lister  
Cllr Andrew Judge

### **Transcript**

**Councillor Hugh Malyan (Chair):** A very warm welcome to Rt Hon Nick Raynsford MP who has come to see us today to give evidence to the Commission. It is our 19<sup>th</sup> evidentiary hearing today so we cannot be accused of not working hard in terms of gathering information for the Commission on London Governance. We are all delighted that you are here because everyone is aware of the wealth of experience you have both in relation to London and local government in terms of the ministerial roles you have held and that close association with it. We spoke beforehand and I asked if you would like to speak for a few minutes to which you kindly agreed. If you would like to do that now, we will keep it very informal and get the questions rolling straight afterwards.

**Rt Hon Nick Raynsford MP:** Thank you very much, Hugh (Malyan). Can I reciprocate by saying what a great pleasure it is for me to be here and to give evidence. I think it is a timely moment and I think the Commission is considering issues that are very much at the forefront of public debate at the present time. I hope that its work will be influential in shaping the future arrangements for governance in London. It is also a pleasure for me to come and give evidence in this building. The last and only other time I have given evidence here was in front of a group of primary-school children from Southwark who came here before the building was open and commissioned and we were testing out the acoustics. Talking to a group of very challenging school kids was a very interesting occasion. From that you will know that I have a certain proprietorial interest. I am not going to say anything more

other than that I continue to be proud of the fact that this building is the only modern governance building that has delivered on time and in budget.

The three key themes I really want to focus on today and which I hope our questions and discussion can cover are firstly an understanding of the context. London is a very different city to where it was 20 years ago. At that time we faced problems of economic decline, outflow of population, serious worries about the sustainability of some of our communities and real worries about the long-term future of the city. We now face very different challenges of economic success and growth. There are huge questions about how we balance those challenges of growth with environmental concerns and sustainability issues, but it is a very different context. We are facing the prospect of an expanding London and expanding population, in-migration, growing demand for housing and public services. That is a context in which we need to think as to how our structures of government are fit for purpose and how they will shape the future of this city. I do think we should give some attention to the context. The other element of the context I want to refer to is the eastwards growth of London, the expansion from Docklands along the Thames Gateway, and in my view the unresolved questions of the relations with the local authorities to the east of London in the Gateway. Their futures are in many ways totally interlocked with those of London because of the importance of the Gateway development.

The second key theme I want to talk about is the relationships between the key players in London: the GLA, the London boroughs, central Government and the Government Office for London (GOL), and the various other organisations that make up the structure of our city. I was very conscious of this during the years that I chaired the London Resilience Forum between 2002 and May 2005. As you know, the Mayor was the Deputy Chairman and I worked very closely with him on that. That was a partnership that brought together a range of different organisations that all needed to work together in the interests of London. It had its first serious test as we all know on 7 July 2005 and I think that most people's view was that partnership and the resilience arrangements put in place did actually respond pretty effectively to the very serious challenges they faced. The importance is not to dwell on that issue specifically, but the importance of achieving the right relationships between the various bodies that have to work together if our city is to be successful. London is the seat of Government and will always be a city where Government will take a greater interest inevitably than in any other city in the United Kingdom (UK). It is also by far and away our largest city and does involve a huge number of other stakeholders who need to play a key role in the arrangements for governance in our city. It is getting those relationships right that seems to me a very important theme.

The third theme I would like to touch upon is the question of the powers of the GLA. The GLA was a new structure. It was created to fill a void and I am quite clear that it was absolutely right to fill the void. The fact that London lasted from 1986 until 2000 without a city-wide system of government was a serious error in the long-term history of our capital city. That has been put right; there is a new structure, but because it was a new structure, inevitably

there was an element of experimentation. The relationship between the Mayor and the Assembly was an entirely new structure, not previously tested in the UK. I think it is entirely appropriate that we should now be looking at some of the issues including the powers of the Mayor, the powers of the Assembly and the relationships and this is a good moment to be doing so.

Having sketched out briefly those three concerns, I am more than happy now to deal with any questions you want to fire at me. I will try to answer as honestly and frankly as I can. The fact that I am now able to do so as a backbench Member (of Parliament, MP) rather than a Minister probably means that you will get – how do I put this? – a response that is not shackled to the same degree that it might have been.

**Councillor Hugh Malyan (Chair):** Thank you very much for that and thank you for outlining the three particular areas of interest to you. I am going to kick off and because it is the one that has always interested me the most, I am going straight to your second point about the relationships between the layers as you put it. Using as you did Resilience as an example of how layers and different areas can cooperate better, could you kick us off on what difficulties you see at present; what principal changes do you think could better the governance of London as a whole? Our key themes from the very start have been that if we are going to suggest anything should be changed here in London, it should be because we are advocating a change that will make an improvement to the quality to the service that Londoners receive, the efficiency of services that Londoners receive, and the democratic accountability of those services. If you want to throw in GOL somewhere in that as you mentioned it a minute ago yourself, great, but could you give us the key ideas you are looking at?

**Rt Hon Nick Raynsford MP:** Firstly, could I entirely welcome your approach and the belief that the structure should be there to serve the people of London. This is not some academic exercise in devising a structure for its own sake; it has to deliver value for money and it has to improve the quality of life of the citizens of London. The two key points I would start on is saying that historically there has always been a certain amount of tension between different tiers of government. Central Government as I have said is going to take a close interest in London: it is the capital city and the seat of Government. There is always a tension between central Government and local government and finding the right way to ensure that is a creative tension rather than a destructive one is important.

Secondly, there is a tension between the GLA and the boroughs. It is not as bad as it was between the Greater London Council (GLC) and the boroughs. I remember those last days of the GLC and irrespective of the arguments about abolition which I am not going to enter into, there always was a serious tension because the old GLC was the inheritor of London County Council (LCC) which had enormous direct service delivery responsibilities. Although the GLC was initially conceived as a strategic authority, it inherited a lot of those direct delivery powers that were in straight conflict with the powers of the boroughs. If I take housing as an example, the rows that used to go on

between boroughs, whether or not they were in different political hands was actually immaterial. The rows took place between the boroughs and GLC because both sought to control the service and there was a lack of clarity. I think that one of the things that influenced me a lot when trying to shape the structure of London governance now in place was to ensure that the GLA did genuinely focus only on the strategic matters that had to be dealt with across London as a whole and did not get into the territory of local service delivery which is very much the responsibility of the boroughs. I think that principle is an absolutely correct principle and we should stick with that. If that principle guides the future, I think we are likely to be safer from the kinds of problems that existed back in the 1960s, 1970s and early 1980s. It is not the only solution, but I think it is a pretty important one.

**Councillor Hugh Malyan (Chair):** Just pushing you on GOL, we have reached an interim position where we have been advocating that a significant downsizing of the activities of the GOL would probably be a good idea. We have used to a degree and in very simple terms the model of what has happened to the Welsh and Scottish Offices in terms of downsizing. Do you have a view on that?

**Rt Hon Nick Raynsford MP:** I think there are two differences, one of which is the one I have already indicated that because London is the seat of Government, Government is going to have a closer interest inevitably in the governance of this city and I think that is a factor. I am not arguing against a downsizing of GOL and I think there are areas where that is appropriate. The second illustration I shall give is the one I have already alluded to which is Resilience. That has developed entirely since the current structure was put in place in response to the events of 9/11 and it involved the creation of a lot of additional posts. My view is that is absolutely the right way to handle it. Some of you may take a different view, but I do think that Government has to have a continued role in the resilience of our capital and the seat of Government. I think it is inconceivable that Government would not be involved and actually I think that the partnership has worked well and in a very constructive way. Therefore I would not see the increase in the size of the GOL staff on that particular function as a problem. I think that was a sensible response to a serious challenge. There are other areas where I think there is scope for a transfer of powers and for a downsizing so I would take a fairly pragmatic view about the right way forward.

**Mayor Steve Bullock (ALG):** Can I follow up on strategic versus doing things? I remember a conversation with you when you were working on the legislation and I think the phrase was the Christmas tree at the time with the strategic core but the operational bodies hanging from the branches – forgive me if I have that slightly wrong. I just wondered how you felt that had worked in practice and whether the core of the Mayor and the GLA and particularly the GLA Members who have that dual role of in some cases being involved in the operational bodies then coming back here and holding the Mayor to account, whether the tensions that has created are manageable or whether that is something that needs more work doing on it.

**Rt Hon Nick Raynsford MP:** I do not know about the Christmas tree analogy; I may have said that but it is probably rather inept. I actually see it as slightly different. I do think it is important that strategy should be set by the one body that is responsible to, accountable to, elected by the whole of London. By the best will in the world, I do not think you can have an overall transport strategy and other strategies of that nature created by 33 boroughs all trying to reach agreement. I think there is an absolute need for an overarching body setting the strategy. The question really is where the boundary is between the strategic and the local. There are areas such as waste where I think there is probably unfinished business in terms of defining that boundary. I suspect in terms of housing that the strategic needs to be defined rather more sharply than it has been to date. In terms of a large number of other service delivery areas, I take the view that they must remain local and it would be unfortunate if the GLA sought to expand its role, perhaps looking back nostalgically to the role of the GLC which had its finger in lots of pies. I think that would be a mistake and almost inevitably leads you back into a framework where there will be conflict.

In the key strategic areas which we tried to define in the legislation – economic development, transportation, policing, overall oversight of the environment – on those kinds of issues, the Mayor and Assembly, the GLA should in my view have precedence and should have the strategic oversight. I think it is a much mooter question when you come on to the issue of sports and the arts for example. I think the Mayor has an absolutely critical role in relation to the Olympics. There is no question about that; it is a strategic issue and has to be handled at this level. However, I would be very wary about a move back towards the grant-giving functions that the GLC used to adopt where there was inevitably degree of conflict between the GLC and the boroughs about which bodies to support and the way those grants were used. I am not sure that would be a fruitful path to follow.

**Valerie Shawcross (AM):** Just talking about economic issues, regeneration and London's position and global competitiveness, whatever we are looking at in our own garden, we actually need to be looking over the fences all the time at what is happening elsewhere. I am struck by the fact that many of the up and coming cities and areas of the world have had it easy to some extent in as much as there is – to misuse a phrase – a green field. Singapore or Chinese cities or major Indian cities can align their public sector investment, go for large-scale infrastructure and the state can have more say on the infrastructure. In London, we have a brown field in a sense: we have an economy that is already there and needs to transform; we have a public sector that is not 'fragmented', but does have multiple layers and geographical differences. Do you think that we have all the institutional and organisational tools in place to be able to aggregate and align our public sector investment to do the kind of work that would make London more competitive?

**Rt Hon Nick Raynsford MP:** Two answers to that. One, I hope you will not take offence at me giving a holiday memoir. I spent my holiday in Bulgaria. I saw the evidence of centralised state investment and the appalling consequences of 40 years of misplaced investment which did nothing for the

economy of that country and left some its most attractive cities ringed with the most ghastly architecture I have ever seen in my life. That, I think, is a warning against over-mighty aspirations on the part of the state to determine investment patterns. I actually enjoyed my holiday very much and the hospitality of the Bulgarian people was great so I do not want that to be interpreted as a knocking comment; it is just a comment on a phase in their history which was an unhappy one.

The second comment I will make is about my constituency of Greenwich and Woolwich where there is unquestionably at the moment a very, very exciting renaissance taking place of areas that have either been derelict like the Greenwich Peninsula, abandoned like the Woolwich Arsenal, or appalling environments where people lived only because they had no other option such as the Kidbrooke Ferrier Estate. All three of those are now the focus for major investment decisions. None of those would have happened without strategic decisions by the local authority and Government and a certain amount of Government money. Equally, they each depended on attracting private investment. That is ultimately the key to how we ensure that we use the powers of Government and local authorities and strategic powers of the GLA to stimulate investment in areas which are critical to the future and which allow us to create an entirely different and better environment for people to live in. My view is that we do have the opportunities in London. The brown fields are there. The Thames Gateway is a historic opportunity that we have to seize. The areas I have described are all brown field sites in an inner London borough where there will be a substantial addition to the population as a result of better use of the site but also a huge improvement to the environment. If you have any doubts, just go and look at the ecology park that is part of the Greenwich Millennium Village. It is a wonderful environment that will make it very attractive for large numbers of people to live there in an area where nobody was living 20 years ago because it was an industrial wasteland. These are opportunities. The state has to make it possible but it should not get into the pattern of believing it can shape and determine exactly what should be the future because the Bulgarian example I gave is a real one of the dangers of central planning going too far.

**Valerie Shawcross (AM):** I am not explaining myself terribly well. Let us look specifically at the example of regeneration agencies and investment. It seems to us that there are a number of different funding streams managed and accountable through a number of different sources. If we were trying to achieve not just the development of a particular area but a significant economic transformation in London, to significantly kick start a new economic sector, to put in place new style infrastructure. For example, London is probably one of the few major cities now that does not have any investment in Wi-Fi going on stimulated by the public sector. There is some private sector investment at Canary Wharf. How would we go about aligning our regeneration investment when there are so many regeneration donors in place?

**Rt Hon Nick Raynsford MP:** I have two answers to that. One is that I agree that there is a case for some rationalisation. I think the number of separate

regeneration initiatives has become confusing and the number of different pots makes it very difficult for the various players who are bidding for that funding to know where to turn. Having said that, I am going to focus on the benefits of keeping a reasonably diverse framework. I think some of the initiatives would not have happened if you simply had a single, central funding stream and if there had not been scope for experiments in different types of initiatives. My view is that yes, there is a need for some rationalisation, but I would be very reluctant to see all streams pulled together into a single pot because I think you would then begin to lose the benefits of creativity that come from a range of options and end up probably with an over-centralised approach towards things. There is a big debate just beginning and I notice in today's papers about Sure Start and questions as to how effective it is. My own view is that this is a very important initiative. The real danger is that on the basis of an evaluation carried out relatively soon after the project was begun and some evidence suggesting it has not have achieved all that might have been hoped, that it will be subsumed into another programme and the benefits will be lost. I think that is quite an important lesson for policy makers: when you do take important initiatives, it is necessary to give them a chance to develop and not to cut them short prematurely and not to assume that once the novelty value has gone this is something that need not be pursued. I think there is a danger of always looking for novelty and there is merit in trying to pursue certain principles in a more sustained way than perhaps we have always succeeded in doing in the past.

**Valerie Shawcross (AM):** Changing tack a little, you talked about London's growth and London has grown geographically as well. During one of our sessions we had evidence from some chief executives and I was very struck by comments from the chief executive of Barnet (Leo Boland) about the fact essentially that we have now improved our internal collaboration and coordination within the boroughs and across the boroughs within the GLA area, but it was on the outward boundary, it was on liaison with counties and districts outside London where there were problems. I think that he specifically mentioned coordination on crime and policing issues; transport is the obvious one and we have mentioned rail and long-distance commuters. There are also issues around planning and regeneration. Do you think that London's historic boundary now needs to be shifted outwards or that we need better collaborative structures for London sitting in its region and the regions around it?

**Rt Hon Nick Raynsford MP:** These are very interesting questions and I think the response to this should inevitably be cautious. Boundary changes are always difficult. You never reach agreement; it diverts lots of attention from other things and people argue about boundaries till the cows come home. I would not enter into boundary negotiations or open up boundary issues lightly. I would however say that structures of government in London have tended to come into place about 50 years after the geographic necessity became obvious. The LCC was created at the end of the 19<sup>th</sup> century about 50 years after the development of London made it quite clear that the old framework of the City Corporation and the vestries was simply not appropriate. The GLC came into existence in the 1960s, about 50 years after the expansion of

London into the outer boroughs was a reality. What we are seeing now in terms of the pattern of development is actually an elongation of London. There is some growth to the north and south but it is actually to the east that the real development is likely to happen and around Heathrow to the west. Those are likely to create changed patterns and certainly the relationship to the east between the East London boroughs and areas like Thurrock and Dartford and others in Kent beyond I think will prove unsustainable in the long term because the Thames Gateway's issues mean there has to be a common understanding about development. I am not suggesting that we should reopen the issue immediately but I would be very surprised in 50 years' time if the boroughs of London were on exactly the same line as present and I would be surprised if there was not something of an elongation of London's boundaries along the Thames.

**Valerie Shawcross (AM):** We do have a voluntary arrangement, I think. I have certainly sat in on one meeting where the GLA planners meet the planners from the other regions – South East region in that case. It seems to me that the boroughs do not have a mechanism for liaising with the councils and regions outside the London boundary.

**Rt Hon Nick Raynsford MP:** I did see something of this in the course of my responsibilities as Chair of the London Resilience Forum. There were a number of issues where close cooperation with the authorities outside London was absolutely essential, for example the development of Sassoon, which was the mass evacuation framework for London. Clearly, the cooperation of the authorities in the surrounding counties was absolutely essential. A lot of that was going on. It was more effective in some areas than others and it did depend on a push coming from a London-wide body rather than simply on the ad hoc arrangements made by individual boroughs. That was a rather specific issue relating to a big matter that required coordination at a very high level. I think with a lot of the other more day-to-day issues, it partly depends on the relationship between the authorities. There is no reason why the fact that one is a London borough and the other is an authority outside of London should mean they have worse relationships than between two London boroughs. I have seen examples of terrible relationships between two London boroughs that are contiguous with each other but do not necessarily hit it off. Very often the chemistry of the individuals is actually more important than the status as either a London borough or a different authority.

**Valerie Shawcross (AM):** Is that not the problem though, that there is not a consistent framework and it depends on goodwill and chemistry?

**Rt Hon Nick Raynsford MP:** This is to do with good governance in any case and it is going to depend on that. What you want your structures to do is to make it easier. Do not look to structures to provide magic solutions; that will always be an illusion if you hope they will be the solution. Where they are an obstacle to achieving good results, rethink them and think about whether you can remove some of those obstacles.



**Richard Barnes (AM):** I am not sure that the residents of Denham and Slough will greet your answer on the elongation with unalloyed joy but that is a debate they can have later in the year. Can I take you back to the relationships with GOL and particularly on Resilience? I think we all accept that an attack on the capital is an attack on the nation and will always have national implications and certainly national Government will have an unbelievably involved and heavy hand within it. The London Assembly did a scrutiny on the structures of London Resilience and business continuity and concluded that there would be no advantage in extrapolating it from GOL and bringing it into the London Assembly with the Mayor leading it. However, when evidence was taken on that, officers from GOL did not give evidence because they report to the Minister. There was a bureaucratic glass wall that kept them separate. Similarly, the Assembly has just launched a scrutiny into the lessons learned from 7 July 2005 and we will no doubt be faced with exactly the same relationship with officers of GOL. The London boroughs, the police, fire service, ambulance service, etc., will come and give evidence but the coordinating body will not. Do you not think there should be at least an open dialogue process – not an accountability, but a preparedness to talk with the strategic body for London, particularly when we are dealing with these issues that affect 7.5 million Londoners for whom we represent to election?

**Rt Hon Nick Raynsford MP:** The answer is yes, and as Chair of the London Resilience Forum, I personally came and spoke to this Assembly about arrangements on one occasion and I know that Zyg Kowalczyk, the Director of the London Resilience team, has done so on other occasions.

**Richard Barnes (AM):** Only informally, never to a committee.

**Rt Hon Nick Raynsford MP:** Yes, for obvious reasons, because there is a principle about accountability. If you are accountable to Ministers, you have to be accountable to Ministers. You cannot be accountable to another body. You can come and talk to another body and give them information but you cannot be accountable because otherwise you are in the business of having split accountability and that simply does not work

**Richard Barnes (AM):** What I am suggesting is not a change in accountability but a preparedness to enter into open dialogue in a public forum over issues that relate to London.

**Rt Hon Nick Raynsford MP:** In the example you have given, it was entirely inappropriate to be in an open forum because a lot of the issues we discussed had to be kept private. I have no difficulty in coming and talking to Members of the Assembly and to the best of my knowledge I do not think Zyg Kowalczyk did. In terms of accountability – and when you get into public meetings those sorts of issues do tend to arise – I think there has to be a clear separation.

**Councillor Merrick Cockell (ALG):** Can I deal first with the sudden and uninvited guest at the Commission and that is the borough boundaries and number of boroughs and undoubtedly I think we will be dealing with that,

however we may have thought initially in our considerations. You have accepted there is a role for boroughs and that is good but of course we immediately go for the number of boroughs. I am sure you have views on that and whether the 32, 33 is the right number; whether we are looking at more – you talked about East London and maybe the answer for the Thames Gateway is to create some new London boroughs; or whether we should be veering towards the Mayor's idea of pizza slices and five super boroughs, or then do Val's (Shawcross) something in the middle?

**Rt Hon Nick Raynsford MP:** I think my starting point is very much the principle I have already enunciated: you do not look to structural change as the starting point. You look at how things are working, are they fit for purpose, are there obstacles to efficient delivery of services and efficient cooperation? If there are then you begin to think about how you might address those. My thoughts as a former local government minister were that we should only embark on reorganisation after having given very careful consideration to the wider issues. One the whole, reorganisation tends to divert attention away from service delivery and causes all sorts of problems as we saw during the 1990s with the Banham review; it was not in London but you would have been conscious of what was going on elsewhere and it was a disruptive period for local government so I would not naturally move towards reorganisation. I do think there are some quite important issues about the ability of some of the smaller local authorities – and I am thinking now particularly about district councils outside London, not necessarily London boroughs – in addressing the modern local government agenda where partnership and close working with other bodies whether the police, health service or private sector is actually essential in terms of good local government practice.

Some of the smaller districts, I think, are struggling and that may lead to a view that there has to be some reconsideration of the current patterns. That is not the case in London and London authorities are generally perfectly large enough to manage well. They are coterminous with police and generally have very good working relationships with the health service and other key players. I do not think there is the same logic. I did say and I repeat this that I think there is a question about London's boundary to the east in particular. I did mention the west and if I can just briefly refer back as Slough was thrown at me to say that I think the economy of West London is something where it is impossible to say you arbitrarily divide those areas that are within London from those that are outside. The relationship with Heathrow is an absolutely critical factor. It has a wider influence outside London and I do not think you can ignore that. I am not arguing for immediate reopening of that.

Certainly to the east, the patterns of development in the Thames Gateway will pose very serious questions about whether we have the right arrangements and I certainly would not want to close off the option for some reconsideration of the structure of government in that context. That is a rather cautious answer, not arguing for a rapid or dramatic change but certainly being open to consideration of options particularly in the context of London's future likely development. Perhaps it would be a good thing this time if we were only 30 years behind instead of 50 years behind.

**Councillor Merrick Cockell (ALG):** I think that having you here in your changed role is even more helpful to all of us. Could you give us an idea of how you view the London boroughs, both during your lengthy period in Government and now in your different role? Have you seen positive changes? Have you seen that the boroughs as a generalisation are performing better? I would like to know how you see the boroughs of London over the past 10 years.

**Rt Hon Nick Raynsford MP:** Yes, I do. I want to give a very positive message and I hope it will not cause any embarrassment to those here including Steve (Hitchins) from Islington if I say that I very much welcome the very significant improvement there has been in that particular borough and indeed the neighbouring borough of Hackney, both of which faced very serious problems. Hackney in particular was regarded in many quarters as a hopeless case 10 years ago and the improvement that is taking place in a number of boroughs that have faced the greatest difficulties is a real cause of satisfaction as is the performance of the high performers. I was delighted that so many London boroughs received an excellent rating in the Comprehensive Performance Assessment (CPA) and have justified it and demonstrated that they are delivering good value for money and operating very effectively. I pay tribute to them and to those council leaders and officers in those authorities that have faced greater difficulties who have really made improvements.

This is not to say there are not areas where there are still serious problems and I am not going to look at the overall pattern and say it is all perfect because it is not. There are some authorities that are a lot better than others; there are some authorities doing some things a lot better than others. There needs to be an ethos of continuous improvement but I do think that compared to where we were 10 years ago there is a much greater willingness on the part of both local government to address its weaknesses and to improve, and on the part of central Government to engage constructively in that process rather than sniping from a distance about the awfulness of local government which has been a tendency of some of my colleagues on all sides.

**Councillor Merrick Cockell (ALG):** I think this Commission has been the first or certainly the most effective partnership between the ALG, the borough leaders and the GLA and I think it is very positive in that sense that we are working very effectively and I hope we will have not a compromised report but one we are broadly all signed up to. You talked about the role of boroughs being very much local service delivery and of course I accept that, but I think there is also a strategic role for the boroughs. Clearly the Mayor and the GLA are London-wide but the boroughs need a clear voice in that and an idea that has been floated around by various people over a period and now picked up cross-party – Steve (Hitchins) has certainly talked about it – is whether you can heal the real divide I feel there has been between the occupier of the Mayoralty in this building and the boroughs. Can you actually create what some people have called a senate to bring together the boroughs, borough leaders, GLA Members under the chairmanship of the Mayor not just to be a talking shop but actually to look at London's overall strategy where all have a

need to be part of it and all should have a role in the discussions and I hope the conclusions to those discussions? It would be a unique settlement for London. Do you think that is something we should be pursuing firmly?

**Rt Hon Nick Raynsford MP:** Let me first clarify something in case there is any confusion about what I was saying. I emphasised the local authorities' service-delivery role in distinction to the role of the GLA and saying that the GLA should not move into service delivery. I would not want that to be interpreted as me saying that local authorities or boroughs should only be involved in service delivery. You probably recall the White Paper I was responsible for when I was a Minister, 'Strong Local Leadership – Quality Public Services,' highlighted the local leadership role as much as the service-delivery role. I see that as crucial for good local government. I certainly want to see local authorities that are capable of building the partnerships, working in their area with other players to deliver that local leadership.

In terms of relations with the Mayor, this is always going to be difficult. It is rather like relations with Government. The Mayor has to be in a sense a larger than life character who straddles like a colossus the whole of London and at times is going to say things that do not go down well locally. I do not think that is unique to London. Mr (Rudolph) Giuliani (former Mayor of New York) was just the same in New York; we did not see it because we were far away but the tensions between him and some of the local authority people in New York were just as difficult as the relations have been at times between London's Mayor and the individual local authorities. I am slightly wary about believing that you can have a grand consensus and everyone will work together and it will all be rosy on the night. I think there is bound to be a degree of tension but I certainly do not want to encourage unnecessary differences and I would certainly want to see all the players in London working in a constructive way, recognising their different roles and trying to work together to the best of their abilities, recognising that there will be times when they will not be entirely in accord in the way that might be ideal.

**Councillor Merrick Cockell (ALG):** I am not suggesting the senate idea as a way of individual boroughs patching up relationships, but actually as a real public recognition of London and London's political leadership working together on London's problems.

**Rt Hon Nick Raynsford MP:** I very much welcome this Commission and the extent to which this has shown the GLA and the boroughs working together. I think more of that is ideal and I am not against that at all, I am just trying to be a bit realistic about the likelihood of achieving a grand consensus.

**Graham Tople (AM):** Can we turn to the issue of GLA powers? You said rightly and obviously in your introductory comments that they were new powers, a new structure, experimental. One generally learns more from experiments that do not quite work perfectly. What have you learned from the experiment that you embarked on five years ago?

**Rt Hon Nick Raynsford MP:** I would not claim that it worked perfectly but I think it has been on the whole successful. I think it has been a positive initiative that has restored city-wide government, that has not created deadlock between the strategic authority and the boroughs as existed on some issues when the GLC was around, has not created an unduly large new bureaucracy. The Mayor and I have had discussions about the size of this building. He said it was not large enough and I said that was deliberate and there are issues like that. However, I think that if you look at the results, we have seen a city which has manifestly had a very, very good period, which has not just won the Olympic Games against the odds which was a terrific achievement; which has coped extraordinary well with a pretty frightening series of terrorist attacks in the course of the last two months; which has introduced probably the most radical change in transport policy anywhere in Europe in the course of the last five years. These are not small achievements for London and as a not entirely disinterested spectator, I feel on the whole pretty optimistic about the way it has coped.

That is not to say there is not scope for improvement. One of the factors I have hinted at already and now want to lay absolutely in front of you is I think a serious problem long term. That is that London is the only part of England with an effective framework of devolution at the regional level. Given the decision of the North East to vote against a form of regional government there, the likelihood of regional devolution elsewhere in England is not a realistic proposition in the short term. That raises problems because of the natural jealousy and suspicion of London that is felt. It is not just England – hostility towards the capital city is felt in countries all over the world. If as I do you travel quite a lot in England and hear people talking about London, it is not with unalloyed pleasure and fraternal solidarity. It is often with a degree of envy and hostility to what is seen as excessive investment going into London, London receiving the advantages.

I think there is a quite serious problem in the long term if London is seen to have real benefits as a result of having an effective city-wide authority arguing the case for London bringing the results. The Olympics are a brilliant triumph but it was not entirely a cause for delight in Birmingham and Manchester who had bid in the past and failed. I just think we have to be realistic about the potential feelings of people in other parts of England if we go for a framework that gives substantial additional devolution in London without thinking about what happens elsewhere. That is not saying do not do it; I am just saying be careful because there are those issues of relationships and people outside do not always like capital cities and may be hostile. Having said that, I do think there is scope for looking at some ways in which the powers might be extended beyond what was envisaged in the 1998 White Paper and legislation. I just want to put that context as a background because I think it is an important caution.

**Graham Tope (AM):** I think all of us who have had any involvement in local government politics nationally are well aware of the feelings about London elsewhere, but I thought for a while you were arguing with us that we should therefore go for ineffective London government. I am sure you are not

arguing that, but it began to sound like, 'We must not upset the provinces, therefore we should not be as good as we could be.' I am sure that was not what you meant and none of us would accept that. Given that you feel that your experiment – I keep using your words – of five years ago has worked pretty well perfectly – you did not actually answer my question about where you thought it had worked less than perfectly so I am going to try to put it the other way around. Given it has worked pretty well, what powers do you now think could be devolved from central Government? You talked rightly in my view about not taking powers from the London boroughs. I think most of us here are arguing for powers to be further devolved to London government from central Government, particularly the GOL to represent central Government.

**Rt Hon Nick Raynsford MP:** I think a lot of the agenda has already been discussed. I do not think that you can completely divorce changes to relationships and say there will be no change in the powers of local authorities. When I raised the issue of waste, I am conscious that the current arrangement does not necessarily achieve the best outcome in terms of waste transfer and waste disposal. There may be some impact, but in general I agree with your thesis that devolution of power from central Government is probably the area that is most appropriate and the thing best to look at. There are already discussions going on in relation to transport. I think the transport package that was part of the legislation that set up the GLA was ambitious; it certainly transferred responsibility and gave the Mayor powers to do things and as I have said led to probably the most radical change in transport policy we have seen introduced anywhere in Europe in the Congestion Charge. That is all to the good. The issue about the relationship with surface rail is an important one. There is no easy solution because you cannot suddenly have control of surface control within the London boundaries totally transferred because they also serve other areas. The lines that serve my constituency in Greenwich go out into Kent and there has to be a seamless service between Kent and London. Nevertheless, giving greater powers for the GLA to influence and shape the surface rail services so you have a better-integrated overall transport framework seems to me to be entirely sensible.

Housing is an area I have thought about a lot. We actually did propose in the devolution package for the English regions outside London rather greater powers in relation to housing than exist here in London. Not surprisingly, the Mayor was pretty quick to say, 'Will you not give me that?' I reminded him that while I was not totally averse to that, it was the case that the GLA had rather greater powers in some other areas, notably policing, than was proposed to authorities elsewhere. As the debate is not now proceeding elsewhere, I do not think there is any reason to resist the argument that there is a case for greater influence over the strategic allocation of funding for housing investment in London to be taken at the strategic level and for the GLA to absorb that responsibility rather than being discharged through GOL, through the London Housing Board. These are areas that I think can be very intelligently and sensibly looked at at the present time and there is a good logic for them.

**Graham Tope (AM):** Can I ask you about what I would call the balance of power within the GLA? Within the powers of the GLA, you went for a strong Mayor and a weak Assembly. Do you think the balance as it is is still exactly right, or do you see any areas or any ways in which the powers of the Assembly could or should be increased?

**Rt Hon Nick Raynsford MP:** If I can just give a different interpretation of that, we went for a strong Mayor with an Assembly with a strong scrutiny role. We wanted the Assembly to focus very much on scrutinising not only the Mayor's strategies and actions, but also London's needs in order to help develop ideas, policies, proposals for future initiatives. It was not a deliberate attempt to produce a weak Assembly, but it was a deliberate attempt to create a strong Mayor with an Assembly whose role was scrutiny and developing new initiative proposals rather than executive functions. I do not personally think that I would want to see that pattern change; I think that has been a broadly successful pattern. Undoubtedly there could be questions about the detail. We spent a great deal of time when the legislation was being prepared thinking about the issue of the budget preparation and the balance of powers between the Mayor and the Assembly, and how to enable an influence to be exercised by the Assembly without creating the risk of deadlock and there being no budget.

I was given some strong messages in the course of the work we undertook visiting other countries, talking to other people in Europe and America and elsewhere about structures of government. Of the two I remember most, one was from New York which was, 'Do not make your constituencies for the Assembly too small, because otherwise all they will do is focus on the local issues and how they can get as much money from the Mayor for their locality as possible. They should be reasonably large so that the Members of the Assembly will think strategically.' That was a powerful piece of advice and you will know that the outcome is one we have broadly followed.

The second was very much to do with the way in which services can be delivered by a strong Mayor but working with an Assembly that has effective powers to influence change but not to stop anything happening. This was something that came particularly from a number of European cities who were worried about deadlock and Assemblies neutering the effectiveness of the Mayor and not allowing things to happen; the risk of governance being inhibited by the exercise of influence from a range of different bodies, as often was the case in assemblies that did not have a single party majority. We always envisaged with the proportionate system of election here that there was likely to be representation across a range of parties on the Assembly. The risk of deadlock as a result of bartering between different factions leading to stalemate and no effective governance was a message that I received from a number of sources and I also took heed of that. I would not want to suggest there was no case for changes but I think the broad structure is right and I would be very wary of introducing changes that increased the power of the Assembly to stop things happening.

**Graham Tope (AM):** I can understand that essentially negative view: power to stop things happening. The downside to that is of course that it has no power to make things happen. It is very difficult to have one without the other and I think for some of us the frustration is a lack of power to make things happen, a lack of power certainly in relation to the Mayor – perhaps that is just politics, but certainly a lack of power to do anything about the recommendations we make as a result of the scrutinies we carry out for instance.

**Rt Hon Nick Raynsford MP:** If I may say so, that is implicit in the model in which the Mayor is the executive and the Assembly's function is scrutiny and the evolution of proposals but not an executive function.

**Graham Tope (AM):** Can I pursue this to a slightly different area and that is the whole issue of policing, crime and disorder and so on. It is a governance question really. GOL plays a very major part with some big funding streams in terms of whatever title we want to give it: crime and disorder. We have a police authority, only half of which are elected Members appointed by the Mayor; others come through another route. If any Mayor of London is always going to have community safety, crime and disorder, etc., high on his or her agenda, do you actually think we have the structure right there as well or how would you improve it?

**Rt Hon Nick Raynsford MP:** I do not think we have the structure right there. I was very conscious that the greatest difficulty in the course of framing the legislation was not just to rationalise 150 years' worth of legislation relating to the Metropolitan Police Service (MPS), but also to cope with a situation which I described at the outset where in our capital city the Home Secretary is inevitably going to take a close interest in the work of the MPS and where therefore there is inevitably going to be a question of how you balance the powers of the Home Secretary with the powers of the Mayor and the Metropolitan Police Authority (MPA). I think there is almost certainly scope for further refinement there as long as one accepts that initial paradigm that that relationship has to be a balance in which different interests are accommodated. I think there may well be scope for some changes to give greater opportunity for the MPA and the Mayor to achieve what they would like to see in London.

**Graham Tope (AM):** You say the MPA; you do foresee the continued existence of the MPA, unlike the Mayor. I think you are right; of course the Home Secretary will always have a major interest in what happens in London and the role of the MPS. The other area of interest and influence increasingly that neither of us have mentioned yet is the boroughs, of course. Given you accept that there is a need for some sort of change, can you give us any guidance as to what that change should be?

**Rt Hon Nick Raynsford MP:** I am being hesitant here because I was not a Home Office Minister and I have not looked in detail at...



**Graham Tope (AM):** However, as you said at the beginning, you can now speak freely without inhibition. We are interested in your views as a London MP and as someone with a great deal of experience and knowledge of London government.

**Rt Hon Nick Raynsford MP:** Absolutely, and as I hope I have tried to indicate, I prefer to speak on issues I feel confident about and have some detailed knowledge about rather than just sounding off about anything. I am being hesitant because I have not looked in enormous detail at this. I do think I am saying in the framework where there is a balance between the role of the Home Secretary and the role of the Mayor and the MPA, there might be some further shift but not a major paradigm shift if I can put it like that, that fundamentally changed the balance of power.

**Councillor Edward Lister (ALG):** Can I take you into the area of partnerships and Local Strategic Partnerships (LSPs) and all the other exciting things that came out of your department? Do you feel that has worked and worked well? We all recognise the importance of partnerships, but do you feel they have become over-prescriptive?

**Rt Hon Nick Raynsford MP:** I think they have worked well in the sense that local authorities are working much more in partnership than they did previously. I think there is a real step forwards with Local Area Agreements (LAAs) with central Government saying, 'This really is a matter for the local authority working with its partners to determine priorities,' rather than central Government being unduly prescriptive about what the local priorities should be. I think those are all moves in the right direction. I think there are difficulties in some areas where the LSP members and the local authority do not always see eye to eye. In Government I was always very wary of what I used to encounter which was appeals particularly from the voluntary sector to Government to step in and wield a big stick when the voluntary sector were unhappy with decisions being taken by the local authority and they thought that Government would help them against the local authority. That is a very dangerous tendency but it exists and there are some areas where there are those tensions and where people in local community groups see central Government as an ally against a local authority that is perhaps not listening as much as they would like. Those are actually quite difficult tensions. I think the LAA framework as I have said is one that is a big step forward. I have been heartened by what I have seen so far but this year is the crux with some 60 or so LAAs being negotiated. I think I would like to reserve any final judgement until I see how those work in practice.

**Councillor Edward Lister (ALG):** Probably the biggest partner we have other than the police whom we have talked about separately is the Health Service. We have Sir Nigel Crisp's review which has now been announced and there is now the whole issue of the future of Primary Care Trusts (PCTs). Bearing in mind the close working relationships between PCTs and local authority social services departments which are pretty close these days, do you think there is scope now for greater merging of services between PCTs and boroughs, or indeed even PCTs moving into the boroughs?

**Rt Hon Nick Raynsford MP:** I think my biggest single worry is a certain tendency, not solely limited to my former colleagues in Government but certainly displayed by some, of wanting constantly to reorganise. I should be rather wary of any further proposals for major reorganisation of health institutions. I think there has been enough reorganisation. In today's *Guardian* I saw Estelle Morris, who was formally Secretary of State for Education, arguing quite cogently against further focus on restructuring in education and putting the emphasis on delivery of standards rather than changing structures. I think that is quite an important warning shot. In principle, I would be wary about fundamental changes in structures. I do not necessarily say they are working perfectly by any means, but I think the diversion of energy through restructuring is an unwelcome element. I do think at the moment that the message has got across that the way forward has to be much closer working between the different agencies. Coming back to your question about the links between local authorities and PCTs, the position is unquestionably better than it was a few years ago and there is a much closer relationship. It was a very difficult process over the delayed discharge of patients from hospitals and there was a lot of criticism of the way the Department of Health approached it, but actually the outcome was a much closer relationship in the end between directors of Social Services as they were then and the health trusts. The new arrangements seem to me to be working very much better than they were in the past. Things are moving in the right direction broadly and I would be wary about too much further structural change.

**Councillor Edward Lister (ALG):** The other partner if I could pick them up whilst we are at it is the Learning and Skills Councils (LSCs) which have a lot of services which cut across both the Mayor's area of involvement in the department and the local authorities. Do you feel there is any scope there for working closer?

**Rt Hon Nick Raynsford MP:** This is an area I did not mention when I was asked by Graham (Tope) about powers that might be devolved more to the GLA. I do think in relation to the economic development responsibilities there is a question about the relationship between the LSCs and the GLA. Certainly in my discussions over regional devolution elsewhere in England I heard very forceful voices being raised to make the most of the skills agenda locally you needed to have a much closer relationship between the LSC and any regional body. That argument obviously applies very strongly here in London so I would certainly put that on the agenda if I was in the position of considering whether there were particular powers that might be devolved further.

**Councillor Andrew Judge (ALG):** May we take it that you would be against the introduction of a layer of parish councils in London?

**Rt Hon Nick Raynsford MP:** No, as you will know, I was there when the proposal was made that this should be an option. It seems to me entirely arbitrary that in London you cannot have parish councils. I am not saying that you should have them, but the prohibition on having parish councils which is

the product of past legislation rather than any rational decision seems frankly perverse. If people want to have a parish council in London, that seems to me something that they should have the opportunity to explore.

Can I just take your question a bit further and raise what I think is one of the fundamental questions about good local governance which is neighbourhood engagement. It is ways in which local authorities engage with their communities at a neighbourhood level. I think there is a lot of evidence that we could do better in this respect. There are many examples of local initiatives either those initiated by local authorities themselves or ones that have been developed through the New Deal for Communities (NDC) or other Government-inspired regeneration initiatives where local communities have played a very significant role indeed. I think that is part and parcel of good local governance that communities should feel able to be engaged. Indeed, the consultation paper that I was responsible for issuing at the very beginning of the year put this point very forcibly. I am not arguing that there should be a requirement imposed uniformly; that seems to me quite wrong. I think it should be permissive and there should be the opportunity and as part of that general philosophy, that should be available in London just as anywhere else and whether that body is a parish council or whether it is a neighbourhood group to my mind is not a particularly critical distinction. It is the ability of people at a local level to take more power and be able to engage in decisions that affect their communities, and I think we ignore that at our peril if we really believe in a healthy democracy.

**Councillor Andrew Judge (ALG):** Is there any compelling argument that borough councils cannot perform that role effectively and do not perform that role effectively?

**Rt Hon Nick Raynsford MP:** I think the performance by local authorities is very varied. I mentioned earlier my experience as a Minister frequently being approached by voluntary organisations who felt they did not have good relations with their local authority and were seeking Government to wield the big stick to help them have more of a say. I resisted that because that did not seem to me to be the right way to do it, but I also on a number of occasions spoke to local authority leaders and chief executives and others of the importance of trying to develop constructive relations, particularly in areas where I sensed there were not those constructive relations. It is ultimately important that we carry the public with us if we are to be effective democrats. Our role is not to tell people what should happen but it is to engage with them, to listen and ultimately to act on their behalf.

**Councillor Andrew Judge (ALG):** How would you institute such a parish council? What would be the mechanism?

**Rt Hon Nick Raynsford MP:** The paper was a consultation paper and has not yet as far as I know produced a definitive result from my colleagues in the Office of the Deputy Prime Minister (ODPM) today, so I am not going to jump the gun. The principle for allowing people to have a mechanism whereby they can constitute themselves as a neighbourhood group or a parish council

broadly following the structures that exist outside London and the structures that have been tested through NDC and other regeneration frameworks seems to me the right broad approach.

**Councillor Andrew Judge (ALG):** Can I ask about the funding base of local authorities in London? There is an argument that the amount of funds raised locally is too small in proportion to the total used both by the GLA and by the boroughs. Do you think there is any argument now for returning the business rate to London and if so, to whom would you return it?

**Rt Hon Nick Raynsford MP:** You are taking me into very interesting territory indeed which is the subject of the Lyons Enquiry. You will know that I did chair the Balance of Funding Review that concluded that firstly the council tax was probably the right long-term basis for local government finance but that reform was important. There are areas where it could be reformed and I very much stick by that to make it fairer. Secondly, that there should be exploration of other forms of funding to make sure that local government was not uniquely dependent on the council tax as a main source of funding.

There are difficulties with the business rate. Two principal difficulties are firstly the very strong opposition of business to re-localisation because they are nervous about their experiences of the past when some authorities in their view used the business rate for disproportionate increases which cushioned the council tax payer. The second difficulty is that given the huge disparity in the tax rate base of different authorities, there is always going to be a need for an equalisation scheme. The idea that this will somehow achieve a closer relationship between the local authority and local business is not actually an entirely demonstrable argument. The London authorities – and there are a number represented here with a very, very large business rate base – would actually raise a lot more money than they themselves would receive and therefore there are those tensions as well.

However, the point I have put frequently to business leaders and put to you again this afternoon is that over the last 10 years, there has been a sizeable redistribution away from business – payers of business rates – in terms of the contribution towards local government spending, and to the disadvantage of council tax payers. Council tax payers have seen the proportion of government spending that they meet increase from around 20% to around 25%; the business rate payer has gone in exactly the opposite direction at the same time. As I have said frequently, that is unsustainable and you have to have greater fairness between the two sources. In my view, it is probably sensible to think of some linkage that ensures there is no scope for one to suffer disproportionately from increases at the expense of the other. That would answer the concerns that business have felt about the past. These are difficult issues. I am not going to pre-empt or prejudge Sir Michael's (Lyons) conclusions, but I hope that has given you a flavour of what I feel about it and put in context the conclusions of the Balance of Funding Review.

**Bob Neill (Deputy Chair):** It is fascinating; the temptation to go down the Balance of Funding Review is very strong but I shall resist it. I wondered only

to this degree without prejudice to what happens later, would you conceive from your experience that if we are going to develop genuinely healthy democracy and genuinely healthy and relevant governance, at some point that is difficult to do when 75%-plus of revenue is being raised like that?

**Rt Hon Nick Raynsford MP:** I think that was the conclusion of the Balance of Funding Review, that we did seek mechanisms to allow local authorities to receive a larger proportion of funding through sources that they directly determine, so there was a clearer financial accountability for their decisions.

**Bob Neill (Deputy Chair):** I suspect I am not going to get you to go much further than that.

**Rt Hon Nick Raynsford MP:** I am not going to go further than that.

**Bob Neill (Deputy Chair):** Can I just take up on another couple of short points that were raised? One was the issue of health and I understand the point that you were making about in a sense, if it is working, minimise disruption. Could perhaps the logic of that be, certainly in the short term, that when we look at the future of PCTs, in London they are generally coterminous with the boroughs; best left that way.

**Rt Hon Nick Raynsford MP:** Yes. I think there is a lot to be said for that.

**Bob Neill (Deputy Chair):** The future relations may depend on what happens, where the main commissioning goes and so on. Equally, if you are going to have a Strategic Health Authority (SHA), as logic would have, one for London is fine.

**Rt Hon Nick Raynsford MP:** I do not have any disagreement with that. My comments were more to do with the possibility of mergers of PCTs which would lose the coterminosity with the boroughs and would not necessarily produce significant benefits. I would not want to be seen to be against the creation of a single strategic authority for London.

**Bob Neill (Deputy Chair):** The other point was going back to Graham's (Tope) views about the balance of power as to where we are. I understand the model that you went for and I was interested in your phrase of giving the Assembly an effective power to influence change without deadlocking. We were told by Tony Travers (Director, Greater London Group) earlier on – and I have no reason to doubt what he says – that at one point it was thought that a means of achieving that would be to have some pre-scrutiny of the Mayor's strategies: pre-scrutiny plus, if you like, that perhaps by the same qualified majority as the budget, the two-thirds majority, the Mayor should be advised to seek the approval of the Assembly for those. What was it that caused you to take that out and in retrospect, now that the situation has stabilised itself and we know where we are going here, is that something that could sensibly be looked at again without raising the power of deadlock? I can see the argument that if you have a simple majority that might create deadlock. It does not seem to have happened with the budget.

**Rt Hon Nick Raynsford MP:** The budget framework does appear to have worked broadly. It has resulted in the Mayor reducing the precept on various occasions in response to concerns raised by the Assembly. It has avoided deadlock; there has always been a budget. You probably are not totally satisfied, I doubt if anyone is, but at least it has not created a position where there is no budget and the Mayor has not complained over-vocally about constraints on his freedom. At least he has not to me, though he may well have to you. I think the issue about the strategies, I do not recall the conversation that Tony Travers describes but this was quite a fertile period in which ideas were being developed by lots of people and I was not party to all the discussions. He may well have had discussions along those lines with officials in the Department for the Environment, Transport and the Regions (DETR) as it was in those days. I think there is an argument in favour of a greater involvement of the Assembly in terms of pre-scrutiny, but I would not want to put that in too mechanistic a way in terms of fixed percentages of majority necessary to secure conformity with one view or another. That particular approach we felt was necessary for the budget because of the risk of deadlock. I think with policy development, a more fluid framework that allows scrutiny and the opportunity to influence and is not too mechanistic is probably better but that is just a personal instinct. I am not at all averse to the idea of there being pre-scrutiny before strategies are put in place. In the early stages when we were setting up this body, what we wanted to do was to get strategies in place. Therefore, our concern was that they should be developed and explored. Now we have a mature organisation that is working, there does not seem to be any problem in the concept of prior scrutiny of evolving and emerging strategies.

**Councillor Steve Hitchins (ALG):** You have been characteristically very open with us today and I wonder if we can get you to take that a little further and question you about from where you now sit in Parliament, what the mood of Government is for this Commission, for more of the joined-up working, devolving freedoms and flexibilities across government boundaries and across borough boundaries. Where do you think they are trying? What buttons can we press that they will answer yes to?

**Rt Hon Nick Raynsford MP:** I shall be very candid and say I do not know since I have not had the opportunity to discuss the Commission directly with current Ministers. What I do know is that the current mood is one where the Commission is in fertile territory where there is no particular wish to block sensible proposals for change. I do not want to anticipate the views of my former colleagues and new Ministers, because it will be entirely their decision. I just feel that this is a good moment and people are interested in looking now at how the government of London can be taken forward in a way that builds on what has been achieved but also remedies any of the weaknesses that have been identified.

**Councillor Edward Lister (ALG):** Let me press you a bit further, because you were in Government when the line about the review of GLA powers went to the Labour manifesto; you were in Government when the North East

referendum did not produce a result. Where do you think those two straws in the wind are taking us? It seems I think around the table that where we can reach consensus and unanimity, we can press Government quite hard, but it is always easier if you are pressing against an open door.

**Rt Hon Nick Raynsford MP:** As I say, I have not discussed this Commission with current Ministers so I am not able to help you with that. Let me start from a slightly different point. When the White Paper on regional governance in England was published about three years ago, it was made clear in that that there would not be a review of the GLA's powers until at least one regional authority elsewhere in England had been set up and been running so that people could take stock of that as well. There was good logic behind that: you do not want to have constant chopping and changing. That is no longer on the agenda following the referendum in the North East, so the door has opened in my view to a review of the GLA powers now. That is why I say this is a propitious moment, this is a good time. Therefore I think your timing is absolutely right and spot on but I cannot give you a steer as to where Ministers may be inclined to go because I have not discussed this with them.

**Councillor Edward Lister (ALG):** Can I ask you then for your view on how far we are going to get with the other departments? We know ODPM as it now works closely with local government at all levels and we have a relationship with GOL. Some of the other large departments seem a little bit self-conscious about their turf than those do. Where do you see the possibilities with the Department for Education and Skills (DfES), we have talked about the DH and PCTs. We are actually ahead of the game in many local authorities and at the GLA working across those boundaries and what we want is a clear signal from Government not to get in the way of what I think is almost an organic devolution.

**Rt Hon Nick Raynsford MP:** If I can add the caveat that I have not discussed the Commission with former colleagues in other Government departments any more than I have with ODPM. However, let me tell you a bit about my experience when I was in ODPM of working with other Government departments on the whole local government agenda. Over the last three to four years, there was in my view a striking change in approach from the Home Office which became increasingly conscious of the importance of good working relations between local authorities and the police, that was very much interested in the whole neighbourhood engagement agenda and wanted to explore that in ways that would help them to work with local authorities rather than against local authorities; and which worked very closely with us in developing some of the new thinking on how local government might go in the future and the consultation that took place last year on a long-term vision, a 10-year vision for local government. That struck me as a very constructive and positive engagement by one Government department and I have no doubt that that approach will continue in relation to discussing what the role of the GLA might be and the Mayor and the MPA in relation to the MPS and the whole neighbourhood agenda about how local bodies can operate to best effect with local authorities. I really cannot say more than that but I repeat

what I said earlier that I think this is a good moment for the issues you are discussing to be aired.

**Darren Johnson (AM):** Going back to this Mayor-Assembly thing, I can see where you are coming from on the strong mayor model, but when the Government introduced the concept of directly elected mayors to local government, there are still some powers that the council as a whole has in terms of decision making other than the budget. Is there anything you think that could give the Assembly more formal decision-making power without compromising your desire for the strong mayor model?

**Rt Hon Nick Raynsford MP:** Crudely the answer is no to that, I am afraid. The models elsewhere reflected the fact that we were creating a change from an existing structure. One of your Members, the Mayor of Lewisham (Steve Bullock), is in a strong position to comment on that and the merits or de-merits of the structures that apply in individual local authorities with directly elected mayors. This was a different position. We were starting from a blank sheet of paper and created a model and I do not see any reason to depart from that.

**Darren Johnson (AM):** I also have the job in my evening role of scrutinising the Mayor of Lewisham as a Lewisham councillor. I am probably the only person in the country who is scrutinising two mayors simultaneously. I wanted to ask you a question about planning which has come up in previous sessions. Do you think the Mayor's planning powers need to be reviewed in any way at all?

**Rt Hon Nick Raynsford MP:** I think probably a number of boroughs would want to see the planning powers of the Mayor reduced. I would not. I think there is a case for a strong strategy set London-wide because in a city with 33 different local authorities, 32 boroughs and the City Corporation, where a large number of functions do not respect borough boundaries, arbitrary distinctions between the policies of different boroughs can be very unsettling for business and indeed for people issued in wider issues such as environmental issues which obviously cross all boundaries. I think the relatively strong powers for the Mayor in relation to planning is the right approach. Local development control will continue to be a matter for local boroughs and there will always be tension. Something very much ingrained on my mind is that in the spring of 2003 I thought it was rather extraordinary that in the run-up to the Iraq war, I received a larger postbag about a relatively small planning development in Greenwich than I did about those massive issues of huge national and international importance. That was a reminder about just how much people do care about local planning issues and their argument was that the development was going ahead in conformity with the Mayor's plan and against local wishes – the local authority was opposed to it. That was an issue that was a reminder of just how strong local opinion can be. I still think that the framework is right and I sent a response to my constituents which whilst listening to their concerns made it clear that I did not want to see a reduction in the Mayor's powers.



**Darren Johnson (AM):** Taking that further, do you think there might be certain types of application where the Mayor might be given positive powers of direction rather than just the negative direction of refusal?

**Rt Hon Nick Raynsford MP:** It is a difficult one because you immediately get into areas of conflicts of interest where the London Development Agency (LDA) is very much part of the GLA family and where it itself will be coming forward with proposals. If the Mayor had a power of positive direction in cases where the LDA were proposing a development and the borough was opposed, I think you would immediately get into a very difficult territory indeed.

**Darren Johnson (AM):** This came up particularly when we were discussing the idea of waste in London and proposals for a single waste authority. There were particular concerns that if we are to have a sustainable waste management plan and get lots of new waste and recycling facilities around London, the current planning system could act as a break on that and produce the sort of deadlock you always hate.

**Rt Hon Nick Raynsford MP:** I hear the message but I think there are difficulties for the reasons I have outlined.

**Mayor Steve Bullock (ALG):** I will not go on about planning powers for borough mayors because we do not have any. I wanted to ask a question about the precept. You talked about the scrutiny bringing down from excruciating to merely painful the tax levels, but for the boroughs, there is a real issue that when precepts were a relatively small part of what we were collecting, it did not distort local arguments about local tax. When the precept becomes a very large part, it does, and whatever the small print on the bill is, people only look at the figure on the bottom. I wondered if you now felt there was an argument that perhaps did not apply at the time the legislation was going through to make the Mayor levy his own tax rather than have the boroughs do it on his behalf in a way which really does cloud who is responsible for the bill.

**Rt Hon Nick Raynsford MP:** In theory I can see exactly that argument. The problem as you will well understand is a practical one because you could not do it just in respect of the precept of the Mayor; you would have to take account of other precepts and that applies outside London as well as in London. If I can just tell you a short story, during the year in which there was the biggest concern about council tax increases which was 2003-2004, I attended a very, very angry pensioners' meeting in Devon where people were deeply incensed. I did point out that there was something slightly ironic that the police authority had expressed concerns about the possibility of civil unrest in Devon as a result of these very large precepts. What they did not go on to say was that the actual council tax increases were levied in that particular city by Exeter District which had a relatively modest increase of less than 10%; the county council had an increase of 18% which had a very large impact because the county council is a very important precepting body outside London, and the police authority proposed an increase of I think it was

38%. That does raise all sorts of questions and I am not going to take you into complex territory by saying that against that background it was inevitable that Government had to use its capping powers and make it clear that those would apply to precepting authorities as well as to billing authorities. That is a situation that has continued in the last year as you will be aware. I was reluctant as a Minister to use those powers but I felt there was no option. If there is to be a change in relation to precepting, it has to cover all precepting bodies; it could not be done just for the Mayor.

**Councillor Hugh Malyan (Chair):** Nick (Raynsford), can I just press on one point before we draw this to a close? You said earlier several times about this being a propitious time because of a bit of momentum or whatever it is; it is a good time to put forward proposals for changing the way London is currently organised. However, at the same time, today but also elsewhere you have talked about the sensitivities of the rest of the country, in particular in relation to this uniqueness of London being the only regional authority. I cannot make these two things add up. Is this a good time for a bit of momentum to make Government possibly do some changes that would be unique to London, or at the final moment, is everyone going to say, 'Hang on, we had better think about Manchester, we had better think about Yorkshire,' and all the rest of it, and our usual stuff about as you put it sensitivities of the rest of the country? Which is going to be the outcome of those two directions?

**Rt Hon Nick Raynsford MP:** The thrust of what I was saying is that it is right at the moment to be thinking about ways in which the structures can be looked at and possible changes introduced to make things better in London. My cautionary note was that if this was seen as London getting a huge competitive advantage as against the rest of the country, if this resulted in 'more money going into London' there would be inevitably sensitivities elsewhere. I hope that makes it clear. I am not at all arguing the case for doing nothing. I think this is the right moment to look at possible changes and I hope I have sketched out some of the areas where I think changes might well be possible and might be appropriate. I would not want people to ignore the concerns that are likely to be voiced in other parts of the country. I think really it is not a matter for you but it is a matter in the long term for Government to think about as to how we do progress an agenda for greater devolution outside London in the absence of a possible framework for regional assemblies.

**Councillor Hugh Malyan (Chair):** Thank you very much. Nick (Raynsford), we will draw it to a close there. It remains for me to say thank you very, very much for coming to see us today. I am sorry we have run a bit over time but there were so many questions coming in and people wanted to draw on the experience that you have. Thank you very much for coming to see us and giving us the benefit of your ideas and your wisdom and we will make sure you see a copy of the report when it comes out.

**19 October 2005**

**Commission on London Governance: Twentieth hearing**

**Evidentiary Hearing with Sir Ian Blair QPM, MA,  
Commissioner of Police of the Metropolis**

The twentieth hearing of the Commission on London Governance heard from the Police Commissioner, Sir Ian Blair and Commander Jim Smith.

**Present:**

London Assembly  
Bob Neill (Deputy Chair)

Darren Johnson  
Richard Barnes  
Graham Tope  
Murad Qureshi

Association of London Government  
Cllr Hugh Malyan (Chair, chaired the hearing)  
Cllr Cameron Geddes  
Cllr Merrick Cockell

**Transcript**

**Councillor Hugh Malyan (Chair):** In deference to our guests and the limited time that they have available, we will pass over the usual beginning of the meeting stuff, although I will remind you that after our guests have left, we have to finish off our interim report, which I do not think will be too much of a problem but there are one or two little issues that we need to iron out. Please do hang around afterwards so that we get that done.

On that note, I will go straight into the evidence session and a formal welcome to Sir Ian Blair (Commissioner, Metropolitan Police Service (MPS)) and Commander Jim Smith (Metropolitan Police Service). Thank you very much both of you for coming to the twentieth Evidentiary Hearing of the Commission on London Governance, which has been informative, but an issue of attrition on occasions, it has to be said. Nevertheless, a lot has been gained in that time.

Sir Ian (Blair) and Jim (Smith), thank you very much for coming. I know that you had a sort of outline brief of the role of the Commission and some sort of areas that the Commission members are probably likely to touch on, although there will be supplementary ones around the edges as well. Sir Ian (Blair), could I ask you if you would like to make some opening comments, and once you have finished we will begin some general questioning, if that is okay with you?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Thank you very much indeed, Chair, and thank you very much for asking myself and Jim

(Smith) to come along here. Obviously, I brought Jim (Smith) to answer the really hard questions. One of the things I will ask him very specifically, as we move, if you like, further down into the 'localness' to answer the questions, Jim's (Smith) job is to be responsible for the policy and the rolling out of our neighbourhood policing approach and, clearly, that is very connected to local democratic oversight. I always tend to get lost somewhere around Local Strategic Partnerships (LSPs) meets Local Area Agreements (LAAs) meets Public Sector Agreements (PSAs) meets Crime and Disorder Reduction Partnerships (CDRPs), so one of the opening lines to the Commissioner might be 'Did you get lost like us?' by the nods around here.

My opening comment would be this. I was very much a supporter of the creation of the Metropolitan Police Authority (MPA) for London, because having worked outside London in other circumstances, I knew what kind of democratic deficit the MPS was actually operating under and that was a very important step forward. Of course, I also welcomed the creation, which was at the same time, of the Greater London Authority (GLA) and the Mayor and so on, because I think there is a requirement for London to have a vibrant government in a vibrant city.

However, I do think that if we cut to the chase of what I am likely to say, there is a sense of one layer at least, if not more, which is overlapping and sometimes contradictory. I think there are two stories to that. The first is that I had a meeting with the incoming Préfet de Police of Paris a few years ago, a classic 'de compte d'administratif' whose previous job, I think, was in charge of some major industry in France now – a classic government servant – and we did quite well speaking in English and French because I can speak a bit and he can speak a bit. However, when I came to explain the roles of the Prime Minister, the Home Secretary, the Chairman of the MPA, the Mayor, the GLA, you could see, if I can describe it this way, his Gallic eyes rolling. They order things differently in France.

If we come perhaps to the most difficult piece of all, which is the issue of how the budget is constructed. It is possible to argue it thus. The Commissioner presents a budget to the MPA, the majority of whose members are Members of the Greater London Assembly, and then the MPA, after whatever discussions it has, approves that budget, which is then forwarded to the Mayor who re-presents it to the Assembly, the majority of whose Members are members of the MPA, who reject it, or could reject it. Somewhere in there that creates something which I think is not useful. First of all, I think that officers find it very difficult to take it seriously, because there is a sense of you are presenting budget after budget to people sometimes, and I think I have heard Members here say 'Well, I am now wearing this hat, and I am now wearing that hat.' I just do not think that works. However, I will say that I do not necessarily have a solution; I just think that, presumably, that is what the governance issue is for.

Secondly, and I am on record, and I will continue to maintain it, that I believe that the position of the Government Office for London (GOL), as it refers to community safety and policing, is redundant. There is no other Government

office that deals with a strategic police service and a strategic police authority, whereas all the other Government offices obviously have to negotiate between different police forces, at least for the time being, and different authorities and so on. A very large amount of public money is spent on GOL, in particular their role around interventions with CDRPs and police boroughs where, frankly, they do not have the expertise to do that. I am sure Jim (Smith) will say a word or two more about that when we get to that subject. Therefore, somewhere in here between the Assembly, the MPA and GOL, there is something – if not one layer, there may even be two layers too many in that.

**Councillor Hugh Malyan (Chair):** Thank you very much. I will open up and carry straight on with that theme. Can you just, for the sake of hearing from you on this same issue but in a bigger context, talk about the pressures that you face as a Commissioner and the whole force faces in this unique British model, or English model, of being responsible for national issues as well as the responsibility for keeping Londoners safe, and the blurring of those two roles? I note from your earlier submission that you talk quite specifically about what the force feels is the funding gap in terms of your responsibilities to national priorities. How do you balance these pressures at the moment and where do you think, aside from the finance that you have referred to, that improvements can be made on that in the future?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** The answer is that an ideal model would not have a position in which one police service has these extraordinary combinations, but then an ideal model of a state would not have a London. London is by far so more dominant in the United Kingdom (UK) than any other capital city is anywhere else in Europe that there is a real measure of correctness, I think, about having some of the national functions embedded in the MPS. Therefore, while these are sometimes countervailing pressures, they are countervailing pressures in a real world. It is no surprise that the bombers of 7 and 21 July chose London as their target. It does not mean that they will not choose other places, but in the end it is the significance of London that will draw attack. It is in London, unlike, say, in New York, that Government and the Royal Family – I suppose 'the presidency' – are based in London, not in another Washington, and so it seems to me that with the 'If it ain't broke, don't fix it' in that piece that the model makes realistic, pragmatic sense.

Of course, what it does produce sometimes is countervailing measures from central Government and from local government, but in the end the benefit of the British model is the operational independence of the Chief Constable or the Commissioner because nobody can tell me which of those balances actually to follow in operational terms. If I take the example of the Finsbury Park Mosque and the raid on that some years ago, the thought that another organisation had landed in the centre of London to raid somewhere and then left the MPS to pick up the pieces, would have been terrible. Whereas we are in the position that we had all of our services in one place and put the command in one place, and I think that is a very successful model.

**Councillor Hugh Malyan (Chair):** Thank you for that. Accepting our historical model and the pre-eminence of London in terms of the way it is built up, you were arguing a moment ago that there needs to be some rationalisation of your present accountability, particularly and specifically through the MPA and the GLA. Without touching on your independence on that decision-making that you referred to, nevertheless how does whoever it is in London – the Mayor, the MPA – ensure that the balance of the force’s overall responsibilities is not drawn too nationally – although, of course, those national issues do also impact on London, that point is not lost, nevertheless in terms of the whole policing, particularly from Enfield in the north to Croydon in the south – that the right proportion, whatever that balance is, of resources and staff power is devoted to the local issues of London policing, as it would be for Bristol policing or wherever, as against the national priorities?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Clearly, it is done through as transparent a process as we possibly can. The MPA is unique in that it has an additional member, who is the Home Secretary’s representative. I think that that gives a particular flavour and balance to some of the discussions. However, it is by myself and other colleagues explaining to the MPA about where our resource decisions are, what the implications are of all this, and above all, I think, showing the connectivity between these different layers of policing, because although the police service describes itself sometimes in levels one, two and three, with level three being the kind of work that is now being sent towards the Serious and Organised Crime Agency (SOCA) and so on, and level one being very local, they are all connected.

If I can give you a non-London example because all the matters are broadly all over. The cockle-pickers in Morecambe range from the most local issue of overcrowded housing, to Triad people-smugglers across the world; in the same way as the reason that we believe that Neighbourhood Policing is so important as the eyes and the ears of ourselves and our communities to counter terrorism. These things all connect.

**Bob Neill (Deputy Chair):** It is interesting to hear those thoughts. It seems to me that what you are saying, and I accept the point, is that London because of its situation will need to have a slightly different relationship with the centre than anywhere else, hence, there is always going to be a role for the Home Secretary and the Home Office. Equally, you are persuaded of the argument of a form of London governance.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Indeed.

**Bob Neill (Deputy Chair):** In terms of accountability, there has to be a police authority for London, it could be an individual, I suppose. It was the Home Secretary; it could be the Mayor, I suppose. That is one argument. I am not necessarily pushing the Mayor’s idea for him but that is one argument.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** It is a bit of a surprise, Bob (Neill), I have to say.

**Bob Neill (Deputy Chair):** Or it can be a group of people, as is normally the case here. At the moment, with the exception of the Home Secretary's representative, the MPA in London broadly mirrors the situation in the rest of the country where the councillors are drawn from the county level and we have independents and magistrates. I just wonder if the unique situation in London would not be better reflected if we had the MPA perhaps drawn from Members of the Assembly and borough councillors, given the very important role that borough councillors have in the CDRPs and so on, which of course the districts do not have in the same way very often in the shire counties. Is that something that causes problems do you think, or would it be losing or gaining anything by changing it?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I think you would be both losing and gaining. I think the non-Assembly Members bring something to the MPA whether they are independents or magistrates, and particularly both bodies have helped bring diversity to the MPA's make-up, which is very important, and secondly they bring other skills. However, I said, and I think Bob (Neill) may remember, when the MPA had a sort of weekend away with the management board of the MPS, that I thought the MPA is doing a fantastic job in coming up to speed as fast as it has done. Secondly, given that Warwickshire, which is one thirtieth of the size, has got 17 members and the MPA has 23, it is astonishing that as much has been achieved as has been achieved.

I do think the MPA faces a huge task: this is a £3 billion budget, it is a 50,000-person organisation and it is constantly in the public eye, and to do that I think is very difficult. I would be delighted at whatever other model were suggested. I think the boroughs would add something completely new. I am sure somebody from a borough will ask me about this, but I think our strategic links with boroughs or pan-London links with boroughs are very weak. I think they are very good now between the local Borough Commander and the Chief Executive, or the leader of each borough, but I think it is also part of London government as a whole that the individual boroughs are so big that getting them to think in a pan-London way is actually quite difficult. I think we have worked well on London Resilience, but it is sometimes very difficult to get 32 London boroughs, or any proportion of them, to think London as opposed to Barking or Kensington and Chelsea, and I think it would be a very good idea to bring that model.

The key question for me is actually not really what the MPA is, it is what the GLA does in this, because that is a very loose connection and sometimes I am not sure it is as helpful as it might be. I suppose, if I were to put forward a model, it would be that the GLA accepted that its 12 Members on the MPA meant that the MPA's decisions were the GLA's decisions and did not therefore have to re-scrutinise them, because I think that is the piece that is sometimes frustrating.

**Bob Neill (Deputy Chair):** Unfortunately, does not that reduce significantly the democratic accountability? That is the least accountable of systems, arguably, because you might argue that the Mayor has an electoral mandate

from all Londoners, so he is in a position to claim democratic accountability at a police authority. One might say that the Assembly, having an electoral mandate again from all Londoners, particularly on issues like the budget, has a democratic mandate which a set of appointees of the Mayor could never have.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I have to say that of the different submissions I have seen, the submission to the effect that the Mayor appoints the whole of the police board, as it were, in the same way he does the Transport for London (TfL) board does not attract me.

**Bob Neill (Deputy Chair):** No, I understand that. I agree it is not a perfect scenario. The one thing I wanted to move on to, because I think boroughs will want to come in on issues about their role in things, is whether you think that there is anything more that we can do in terms of a greater transparency between the way revenues are raised for policing and the way they are dispersed. We are part of a local government structure where, in effect, 80% or so of all funding comes from the Home Office. A lot of the debate in the broader political world is about means of trying to redress that balance of funding. Are there ways in which that can be achieved without damaging the position of the MPS at a strategic level, and at the same time making the decisions which are taken locally more closely relate to where the funds are raised locally? Do you have any thoughts as to how we might manage that?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I think there are two bits to that if I can. The first is that I do think, and I have said to Government, that we have to make more transparent to Londoners what proportion of the MPS budget is paid nationally, that is the 80% piece. Then secondly, what proportion of it goes to national, international and capital city functions that are specific. In other words, getting over the argument that Londoners are paying more because they are policing events in Leeds and so on, as we have seen. I think that bit needs to be done. Behind it, Bob (Neill) – and having been round the track a few times I am just putting this into view – is the fact that if Bexley raises more money than Haringey then that to me is not something that I would be able to reflect back. That is the argument that has been sometimes raised: that the outer boroughs pay more and the inner boroughs pay less, but the police activity is more in the inner city than it is in the outer city. I think that has to be a professional decision because the problems of some inner cities are more acute, than the problems of some outer boroughs, but that may not have been your question.

**Bob Neill (Deputy Chair):** I am more interested in the argument that if there is to be any type of meaningful devolution, there probably has to be some form of fiscal devolution to go with it. I was interested in whether you had any thoughts as to how you make that work in the policing context.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I think we try very hard to do as much fiscal devolution as possible. As those of the Assembly Members who have had the privilege to serve on the MPA's Finance Committee know, there is a constant balance to be struck between



an emphasis on devolution, which is what I want, and an accounting on line-by-line activity across the service. My ideal model is that I could say to a Borough Commander, 'Here is your amount of money, within the following constraints. Here are the outcomes that I want, and what you do with your money is a matter for you, although you will obviously be audited on it.' That is where I want to get to – but then that is pretty 'nirvana'.

**Bob Neill (Deputy Chair):** Let us leave it there for the time being.

**Richard Barnes (AM):** Surely 'nirvana' is something we should all be aiming towards and working towards – in the literal sense? How far has it actually gone in working towards 'nirvana'? Has the 'grasping centre' agreed – well, the centre, I will drop off 'grasping' – to let go?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I think the centre has let go rather a lot, but I am fascinated that in this round much of the pressure is coming back to centralise it. Devolution is expensive, it just is. Indeed, I think the MPS has to show a greater cost morality than it currently does, and one of the things that we probably need to do is to pull some of that back to the centre. However, I am absolutely of the view that the best place you manage the budget is where the operation is delivered, not up at Scotland Yard.

**Richard Barnes (AM):** 80% of the local budget is people. How would you encourage local government, or local government representatives to be involved closely with the police? Should they be part of the appointment process for Borough Commanders?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I want that to happen as much as it possibly can. We are constrained sometimes by some of the regulations under which we operate, particularly that people can give 28 days' notice when they are going to leave and then do leave. Sometimes, the churn lies out of our hands. The other thing is that I am always slightly concerned that we then start to have two tiers of police commanders, as it were: boroughs which have lots of other people appointing them, and the others that do not. If I look back to the murder of Damilola Taylor, there were two jobs being done there: the Borough Commander of Southwark, who was doing a wonderful job to work with Southwark and to reassure the community; and there was also the man investigating it, who was also doing an extraordinarily difficult and demanding job. I would not want to get to the position where Borough Commanders, as important as they are, outweigh everything else.

**Richard Barnes (AM):** With devolved budgets and involvement in the consultation for appointments then you begin to move into the area of local accountability, which perhaps means that not only do you appoint but you 'disappoint' or fire. To what extent should we be developing an answerability relationship in the local boroughs?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I think it should be an answerability to the public rather than to each other, so it should be a mutual answerability. I think that is the way. Certainly as the Safer Neighbourhood Teams move across, once we have reached the stage where all the Safer Neighbourhood Teams are in place, as we are starting to see in Tower Hamlets, I think the relationship for delivery between the local authority and the police becomes very, very clear. At that point, it is a kind of mutual answerability between the Borough Commander and the Chief Executive, but of course you then have these twin democratic accountabilities that I think will be interesting as it plays out. Nevertheless, I am very happy, and I do not see an answerability of one to the other, I see a mutual answerability to the public.

**Richard Barnes (AM):** It is drawing a distinction between answerability and accountability.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Yes, indeed.

**Darren Johnson (AM):** You talked about the complexity and the confusion of being scrutinised by the Assembly and the MPA. At the end of the day, you did not come up with an alternative proposal; you did not like the Mayor's proposal of removing the Assembly's powers.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I think I did, Darren (Johnson). My proposal would be, as long as the current structures exist, that we have the MPA, and I do not know how you would describe this, but 'as accepted' that the decisions of the MPA are the decisions of the Assembly, because the majority of the members on the MPA are Members of the Assembly.

**Richard Barnes (AM):** In the counties that is called a 'precepting authority'.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Yes, but they are still going to have to put that up to the Mayor in some way. I do not have a complete solution here, but having sat through a number of the budget scrutinies of the Assembly, that does not seem to me to add anything. I hope not to be too impolite when I come back next time, or I shall probably have my knuckles rapped here. I do not know what it is that that is for when the MPA has already crawled all over that budget process. That is the bit that seems to me to be unnecessary, along with GOL, which I have already commented on.

**Darren Johnson (AM):** I think there was common agreement on that. Is it the fact that the Assembly Members can amend the budget and put forward budget proposals that bothers you so much, or being asked to come along to two completely different separate meetings to answer similar questions?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I am not in any way saying that I am refusing to come or anything of the sort. I just think that by the time we reach the Assembly's budget moment on 14 February, we will have been building this budget in public and in private meetings for something like seven months, and I think that process is too long. I do not have a full

answer to this because I do understand that we have to fit it with the other parts of the GLA family. We need a police authority that is about policing; the question is whether we can find another model in which the Assembly is not so intricately involved. That would be my question.

**Darren Johnson (AM):** Other than saying that the Assembly has no additional role other than providing appointees for the authority.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** They may talk about changing their hats, but they do not change their political allegiance. They are appointed to the MPA in the numbers according to the formula, so that when the MPA makes a decision it is effectively making the decision that the Assembly is going to make.

**Graham Tope (AM):** I am hesitating a little bit to join in on this as Chair of the MPA's Finance Committee.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** We all have our dark secrets, Graham (Tope).

**Graham Tope (AM):** It may be dark, but I do not think it is secret any more. I remember very clearly my first two years on the Assembly sitting on the Assembly Budget Committee scrutinising what I did two months ago on the Finance Committee, and that is clearly a nonsense.

I think the problem here, Ian (Blair) – if we are being informal – is that it is relatively easy to identify the problems and the inconsistencies, but it is very hard to talk it through to what the best solution is. One of the other unusual features, unique features, of the MPA is that I think it is the only police authority in the country that does not set its own precept. In a sense, I think what you have just argued to us – that is the logical extension of what you are saying, if I might say so – is the suggestion that because just a majority of the MPA are Assembly Members that that is a decision of the GLA. I think the independents and the magistrates would probably point out gently that that does make an assumption that all the Assembly Members vote the same way, which demonstrably they do not when we have these sorts of votes.

I think it is very difficult because following this through again, one of the few powers, albeit more in theory than in practice, that the Assembly has is over the Mayor's budget. Furthermore, the MPA part of the Mayor's budget, and I cannot remember the proportion now, is huge in terms of net budget – 80%. If you take that out of the consideration, I am not sure that I want to go where that conclusion might take us. The Mayor has a very different view and the Commissioner has already said that.

The London Fire and Emergency Planning Authority (LFEPA) is obviously less high profile, but it is in exactly the same position: half the members of LFEPA are Members of the Assembly. We possibly do not spend as much time on LFEPA's budget, but we could and it is part of the same process, and then if you take that out as well, you have the London Development Agency

(LDA), which does not levy a precept at all, so we tend not to spend much time on it. Then we get to TfL, and that is a whole new subject we will not get onto here. I understand exactly the dilemma you are expressing, but I am not any nearer to a solution than I was at 3pm.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I have not come here with a proper solution. I assume this is exactly one of the great issues with which this particular Commission will grapple. I do not know what the answer is, but in a way, when you put all those points, it would be possible to argue back, therefore we are giving the Assembly something to do and that does not seem to me to be the right answer. Maybe there are some things in what Bob (Neill) was suggesting that when we come to either the MPA as a whole, or actually to the budget process, that we alter the mix. That is another possibility.

I am very clear that we can carry on as we are, but it does feel very laborious. My worry sometimes is about the morale and the enthusiasm of the people putting these budgets together, because sometimes they recognise that what they are doing in September is almost entirely pointless, and that is quite difficult to get people to do because it will arrive at a certain table and somebody will make a very simple decision around the level of precept as opposed to the level of central Government grant. If there is one thing I would want to change in that, if we were to change nothing else, it would be the timing of the decision. At the moment, I think the MPA has to put its budget together on 14 November, which is two weeks before the Government tells us how much money we have. I really do think that is a nonsensical position, and for two weeks, we ought to be able to change it.

**Graham Tope (AM):** I entirely agree with that, except that in the end the law requires the Mayor to put his budget out to consultation within days of the Government settlement, so the whole system is silly.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** On the other hand, ours is so acute, particularly the fact that we have Christmas in the middle of it, I will always have a view that two or three days one way or another is not going to matter very much.

**Councillor Merrick Cockell (ALG):** I realise that we are here to talk about governance but I actually want to move from the interesting detail on that onto the streets and into the boroughs. I saw Jim (Smith) yesterday and we had a good discussion about our commitment with you to Police Community Support Officers (PCSOs) in Kensington and Chelsea. I hope that early next year we will be at about 99, almost half funded by you, almost half funded by us. As we discussed, my intention, subject to the electorate next year, will be to roll that out so that we have 10 PCSOs per ward, 180 in the borough by about 2008. At the same time, looking at what to us seems to be the next logical stage, which is to begin to integrate in some form, which has to be discussed, you cannot integrate them as PCSOs, but perhaps they could be integrated within the joint police-council family with all our street forces, even heavens above, the parking attendants. The idea of actually changing parking

attendants from being the enemy of everybody, particularly the motorist, to another job about making the streets safe, while still doing their parking job, or at least alerting PCSOs or the MPS to incidents, or dumped rubbish or graffiti, or whatever it may be, plus integrating our enforcement officers and so on, means you will end up with a vast potential there if it can be done effectively with the technology and better communications and everything like that. Of course, that takes us into a totally different world then.

How do we make that attempt to create a consistent, connected street force, and get rid of the 'man, a dog and a van'? I am sure they are all over perhaps the more affluent parts of London and perhaps other parts as well. We have far too many of these sort of, supposedly, uncontrolled security services, paid for by local residents. We want to get rid of those; we want to be able to provide the needs of our residents, between you and us, locally. How then do we make that accountable? We talked about the Borough Commander earlier. I am not sure about the appointment of Borough Commanders. I would have thought having the power of veto or something may be the right way for a council or the council cabinet. At the same time, do you embed the Borough Commander as part of the council, on the management board of each council? If everything is beginning to join together, where are we then heading, what is it going to be in five years' time?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** First of all, I completely agree with the proposal you are putting. I would be absolutely for the maximum integration that is possible at a street level because the 'eyes and ears' argument is so clear. I know that there are a number of developments: Southwark has had a superintendent working directly inside the council; a number of places, I think Kensington and Chelsea is one of them, have a very, very significant degree of operational combined thinking.

Again, I think I come back to Richard's (Barnes) point, about seeing how mutual we can make the answerability for community safety as a whole. In the end, we have to see the safety of Kensington and Chelsea within the safety of London as a whole. Therefore, the Borough Commander needs to be accountable to the single organisation, the MPS. In the broad sense, I am for as wide sweeping an agreement between local authorities and ourselves as possible. I think London is very lucky in that, as the Chair pointed out, there are no districts. There are no districts and counties; there is just the boroughs and ourselves, and I think at an operational level that is a very important part.

Jim (Smith), do you have anything to add to that?

**Commander Jim Smith (Metropolitan Police Service):** I am grateful for you saying that, Merrick (Cockell), because I think the energy that can be produced by us working together is fantastic. However, we have had to work quite hard to pursue some authorities that they actually should not be investing in street wardens per se, but they should be investing instead in PCSOs because of the powers and the connectivity they have with the MPS. We have had some great examples of that in Enfield, where they were going

to produce a park ranger service, and instead they have come up with 19 PCSOs, which is a fantastic piece of partnership work.

I think it is about who we actually get together with you to make sure that we have shared targets and outcomes. That is the biggest thing. We are currently working to priority crime indicators, a whole range of Police Performance Accountability Framework (PPAF) indicators from the Home Office, that will not necessarily have anything to do with what you want to achieve as councillors. More importantly, they will have little to do with where people on the street want to see a difference made. I think that is the biggest thing. We want to work together at that top level to say what we think shared outcomes look like based on the intelligence that we gather from our communities, and how we can then combine together to deliver that. If we can get that done, I think it will be a huge stride forward.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** If I can add one point there. The fact is that your officers arriving in that mixture also have nationally dictated priorities. The answer is that everybody is in the same boat, but collectively we can listen to the local issues as well. I also see that model going further down as the neighbourhoods continue down to a neighbourhood level. Although I think we are going to have to come to a conclusion in the MPA about what we mean by 'neighbourhood' and whether the ward is the right answer, because I think there are going to be some arguments about that in the future. As I understand, I think the wards in Richmond are half the number of population of the wards in Barnet, I think that was what was expressed to me, and that is going to cause an issue that we have to come to some conclusion about.

**Councillor Merrick Cockell (ALG):** One of the London boroughs has a ward that is the same size as Kensington and Chelsea, so you can see the problems.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Size is not everything.

**Councillor Hugh Malyan (Chair):** Can I just pick up on a point that Jim (Smith) has taken us into there? It is this issue about working with boroughs, and Merrick's (Cockell) is obviously a very particular example of funding extra PCSOs, although in a properly protocol-ed situation. I was reading back through your written submission back in June, which we are also very grateful to you for putting in. One of your answers, and I might have misread this, struck me as being in conflict with that. The question was, at the time, 'Do you favour the London local authorities being able to raise a greater proportion of their revenue locally and by different methods?' Your answer was that you were not persuaded that there are benefits to local authorities doing that, being able to raise a greater proportion. 'It might lead to earmarking of revenues which could favour funding of local policing issues at the expense of less high profile but equally important, but London-wide policing issues.' Unless I have misread something here and I might well have

done, I see an absolute conflict between those two positions. I do not know how we have arrived there.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I am going to be honest with you here, Hugh (Malyan). Something in there is missing. There is a sentence missing somewhere in there. I apologise, let me make my position absolutely clear. I am absolutely in favour of local authorities raising additional revenue. That is the key point, because as we move out, if we take the example of Merrick's (Cockell) position, when we get to a year from now or 18 months from now and through the MPA we have funded the Safer Neighbourhood Teams, Merrick's (Cockell) teams are going to be bigger than everybody else's teams. That is where we see the additional funding going, so that when we get to Tower Hamlets, if they wish to continue with their funding, and they are already funding half of the teams completely themselves, if we then have the funding for all the teams, my assumption will be that they are either going to stop funding it or they are going to fund bigger. I think something has gone wrong in the translation and I apologise for that.

**Councillor Hugh Malyan (Chair):** Obviously, we are accepting that where one authority like Merrick's (Cockell) might do that in addition to the Safer Neighbourhood Teams that other boroughs, and of a variety of political persuasions, may make completely different priority decisions, so that, yes, we are going to have different policing levels above a more minimum standard.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** That is the point. First of all, we have a formula for police officers, and then secondly we will have to have what looks like to me, with possibly the exception of Westminster, a residential formula for PCSOs, or rather for Safer Neighbourhood Teams. I think that is the way it is going, but we still have not finished those discussions inside the MPA.

**Richard Barnes (AM):** If I follow that it means that we could have 32 London boroughs with completely different strengths of police officers or uniformed officers monitoring their streets, that sounds as though it is a 'Balkanisation', which I remember you talking about some two to three Commissions ago.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Yet it is not, because it comes back to Merrick's (Cockell) point that we do not have lots of other people doing this, we just have different levels. The funding would be going into something. I want it to go into an MPS capacity: we will provide through the MPA a level of policing, which is the best we can manage in relation to the demands being made. If authorities then choose to get more, our formula would not take account of what it is that they are doing.

**Richard Barnes (AM):** That could leave the poorer boroughs –

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Actually, the most dangerous group is not the poorer ones or the richer ones. I think it is actually the middle group who are going to find this a little more difficult

because I think that the poorer ones will get considerable amounts of Government funding that could go in this direction and perhaps the richer ones have the base to produce it. In the end, you are either going to have 'two men and a van' or you are going to have Securicor or you will have Kensington park rangers doing it. We ought to be in a position where it is one organisation, the MPS.

**Richard Barnes (AM):** We talked about one organisation then, and we have gone into this particularly on the boroughs. How about one organisation London-wide, because I certainly have three sets of police services which operate within the London Borough of Hillingdon: the MPS, British Transport Police (BTP) and the Ministry of Defence (MOD) police based there as well. What is your view on the structure debate?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** As you know, the Home Secretary (Charles Clarke) has launched a three-month consultation, if that is the right description, broadly for the rest of the country to organise themselves in a different way and discussions are taking place from Lancashire to Dorset about all of that. As far as London is concerned, I think I exempt the MOD police from this discussion because they do a very different job. I do not want to pre-empt discussions, but we are in discussions with the City of London Police as to what the future might be, and we are certainly in very early discussions around the BTP.

I have a simple four numeric thing in front of me called '2012', in which it seems to me that whoever is the Commissioner at that point is going to need a single unified organisation in London. I do not think it is appropriate that if one is standing in Oxford Circus and walks down 12 stairs that one is then in a different police force. I think the experience in New York is that putting the two police services together is a significant advantage. I think there are cost benefits in there, but I do also recognise that this is a longer-term discussion than just the Home Office discussion. There is a Department of Trade and Industry (DTI) discussion to be had there, and there is an issue about where the boundary comes, because if you cut London out of the BTP, I do understand that that produces a different issue for the BTP if you actually put in not only England and Wales, but Scotland and Northern Ireland as well. I think the argument is now to be joined.

**Richard Barnes (AM):** What would you give up if necessary? If things come into London, are there some things which would go out to SOCA?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Frankly, at the moment, there is nothing that is moving towards SOCA, except some of our personnel. I do not mean that in the sense that they are taking them, I mean they are offering jobs. SOCA does a job for the rest of the country as well as the MPS, and largely the MPS has been doing that job for London before SOCA came into existence.

**Councillor Cameron Geddes (ALG):** You have largely touched on what I was going to ask about whether the structures are available so that you can



be reasonably sure that the 33 London boroughs are looking after the local interest. Furthermore, obviously bearing in mind your strategic approach for London-wide, are we not getting a mismatch of resources to what we need to any greater extent? Are you satisfied that there is a formal structure? I was reassured but also concerned that you mentioned about the good example in Enfield. Was that achieved because of particularly good personal contacts, or was the strategic partnership method used, or any hints of a formal nature?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I will let Jim (Smith) answer that because, as I said earlier, it is his area, not mine. However, I will say that I left London to go out to the Home Counties in 1994 when our relationship with local authorities in London was marginal at best, and hostile in a number of places. Wherever I go now the relationship between the Chief Executive and the Borough Commander, and the leaders and the Borough Commander, is dramatically different. Very often, when I go and do a borough visit, the Borough Commander brings local authority players into that meeting because he or she sees them as so important to delivery, so we are in a completely different place.

In terms of formal structures, I think they are mixed. Would that be fair, Jim (Smith)?

**Commander Jim Smith (Metropolitan Police Service):** I think that is very true. I come back to when you look at what happened in July in London. A lot of success around that was the professionalism, not just of the police but the other agencies and individuals involved. However, fundamentally, it was because we knew each other, we work with each other, and we trust each other, and that is what I see reflected in boroughs.

In those boroughs where there are particularly good relationships between Chief Executives and other key partners and Borough Commanders, then you get successful outcomes, but there is an obligation on us at the centre to provide some clear guidance on what they should be engaging with and how they should engage. Part of that is to say you will get people who want to diverge into different things, like Business Improvement Districts (BIDs). What can you offer by way of a service, because you are not the only service provider? What makes the MPS attractive? Why should you invest in this particular resource and not a park ranger? I think that is our observation, but I do think that fundamentally it comes down to real individual contact, trust and understanding and openness about what we are trying to achieve, but it is a mixed picture across the MPS.

**Councillor Cameron Geddes (ALG):** If it is a mixed picture, how would you ensure that the best practice is spread throughout?

**Commander Jim Smith (Metropolitan Police Service):** I think that is one of the jobs that should be overseen by GOL. It is their statutory obligation to make sure that CDRPs are efficient and effective. I will not comment on what the Commissioner said because I have not seen the full text of that. However, I think there is evidence that some are very good and some are not, therefore

I think we are encouraging Borough Commanders to sit down and look at local community safety issues and broaden out that whole horizon of not just CDRPs, because community safety means not just the things that you will have as targets, but bringing from communities the things that they want considered and developing a Community Safety Plan. I think that is the way forward.

**Councillor Cameron Geddes (ALG):** That brings me on to the next question about GOL, which did not appear to have any longevity in the submission or from earlier remarks. Could it be that there is then a role?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I am not suggesting, and I do not think I have heard anybody suggest, that GOL should cease to exist because Government must have a relationship.

**Commander Jim Smith (Metropolitan Police Service):** It is a nice idea, but even we are not saying that.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** If you look at the safety piece and the funding stream issue that I think needs to be understood, while the Office of the Deputy Prime Minister (ODPM) continues to produce guidance on LSPs and LAAs and on everything else, and the Home Office on CDRPs, there clearly will have to be some mechanism for getting that process right. However, it does seem to be very weak. The fact is, if I have it right, that there will be 17 LAAs by next year. There are 20 LSPs, but there are 32 boroughs and the 17 and the 20 do not seem to collide very much. There is something just not there that GOL is not doing and, frankly, if GOL can do it, then great, but if not, then I think it might be a matter that the GLA or the ALG for that matter decide to take on as an approach.

**Councillor Cameron Geddes (ALG):** If I could just echo your comments about 1994 and before 1994 and the different relationships between the police and local authorities, but also I think to reflect that we have had some evidence here suggesting that local authorities do less in general now in education and housing – but let us get off the subjects that the local authorities are less involved in. In 20 years, one of the big changes has been a greater involvement in working with the police in tackling crime and promoting crime prevention.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I think the late 1990s decision of the MPS to go to coterminousity was a dramatically important and useful step, which I cannot imagine reversing under any circumstances.

**Councillor Cameron Geddes (ALG):** I am pleased to hear it.

**Councillor Hugh Malyan (Chair):** Thank you. That was a question, but we have dealt with that, but it is good to hear that.

**Councillor Merrick Cockell (ALG):** The joy of having a BlackBerry whilst here is that Councillor Edward Lister (ALG) was able to give his apologies, but has also asked me to ask you a question. I think you have answered it but maybe you have not answered it. Where do you stand on integrating or merging the City of London Police with the MPS?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I am in discussions and in a way it is unfair to have that discussion in public without my partner Commissioner (Dr James Hart, City of London Police) being here. There seems to me to be three options: either we leave it alone, and it is fair to say and I really want to emphasise this, that the partnership between the MPS and the City of London Police is important and useful and it works to the degree that it has to be a partnership. It certainly worked at Aldgate Station on 7 July and so on. The far end of it is that you just abolish it and I think the City Fathers may have a view on that. It does require primary legislation, whereas the rest of the structures of England and Wales certainly do not require primary legislation. I think it is something like 175 Acts to go with it, so it will be quite an event. Or the third, which is the one I am favouring, but we are in very early discussion, is a kind of middle ground in which the City of London Police does the things in particular perhaps around finance that it does extremely well and perhaps takes some of our functions around economic crime, and then we take over some of their functions.

Those are the possibilities, and we are having a very professional and equitable discussion at the moment, which I do not doubt will be joined in earnest when the City council, the Council of Common Purpose, or whatever it is, then joins in action.

**Darren Johnson (AM):** We have talked generally about improving relations between the borough through the Chief Executive and the borough leader and the Borough Commander. What also about the neighbourhood level? Do you see a direct role for the local councillors in terms of Safer Neighbourhood Teams?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I think local councillors have agreed to Safer Neighbourhood Teams with immense enthusiasm. I think they are the leaders of the charge of 'Why in her area and not in mine?' I think there is a complexity about what we do about it because if we stick with wards I think we do have some difficulties ahead in terms of how we resource all this. I do see an involvement, but I still do not see, if I may say so, a totally dominant role for the local councillors because I think that one of the things that we are picking up in the neighbourhood policing piece is that it is possible to use other methodologies to get public opinion than our traditional meeting approach. I think there are a lot of information technology (IT) possibilities around some of this about what people actually want. I think this is a piece of real democratic, in its larger sense, community engagement in which the role of the local councillor will be important but I would not want it to be dominant because he or she has so many other opportunities to become very involved.

**Darren Johnson (AM):** Do you see any sort of formal role for the local councillors?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I do not, but on the other hand this is early days here. I am concerned about over-formalising the very localness of this because one of the things that we are trying to do best is to get local people to tell us exactly what they want in person or via email or whatever else.

Jim (Smith), what do you think?

**Commander Jim Smith (Metropolitan Police Service):** I support your view, Commissioner, and of course we value hugely the input from councillors because, by and large, they have longstanding experience of problems in areas. However, we are designed to be an intelligence-led organisation, but in the past what we have done is that we have told communities what we thought they should have. In the last two years, we have seen a complete reversal of that. We have Safer Neighbourhood Teams. The neighbourhoods are telling us what they want and it is not, by and large, the things that we are measured on so there is a huge dilemma there.

We are trying not to get focused on single issues, so we are running a whole series of different interactions: we have briefing teams on streets; we are having public meetings; we are interacting with youths in schools; we have 'Have A Say' days; we have evidence of PCSOs going round every house in the neighbourhood saying 'Tell me what, tell me where, tell me why and tell me who is doing it and we will go back and tackle it.' Then we will go to public meetings and say 'Look, we have aggregated this, here is what we are going to tackle, the top-ten things you have highlighted, here are the three we are going to hit, and we will come back and tell you what we have done.'

**Darren Johnson (AM):** As part of that localisation agenda, do you see that then there could be different local solutions in terms of engagement mechanisms, and it is not a London-wide blueprint as to how you engage and are accountable to local communities?

**Commander Jim Smith (Metropolitan Police Service):** If we go back to the 'size does not matter', it probably does not, and certainly one size does not fit all. We will work in one area and we will not work in another. We have some communities who find it very difficult to talk to us. They are unwilling to talk to us because of the fear of victimisation, so we have lots of different ways. For instance, they can text us, email us, get us by what we call Mobex phones that are direct dial to the community Safer Neighbourhood Team. There are lots of ways of feeding that in and having action taking on it.

My concern is, and we have driven this in line with the ODPM around having something called 'trigger mechanisms', so that if a person, an individual, did not get satisfaction having brought something to our attention, not just police attention, a council would be able to have this oversight and scrutiny panel.

What I have heard back from the ODPM is that we have 624 wards, we may have more than that in terms of neighbourhoods. How can any Borough Commander with about 20 wards in his borough command, possibly cope with all of that? Besides which, it sits outside the National Intelligence Model, which we have accepted as good practice. I just think that it is overly bureaucratic, and I think it would allow us to focus on single issue matters rather than things that are of genuine concern to a broader community.

**Councillor Hugh Malyan (Chair):** I am sorry to interrupt. I have not understood the point here. What is 'overly bureaucratic'? Could you be quite precise? I am not quite sure what Darren's (Johnson) suggestion was that it has become 'overly bureaucratic'.

**Commander Jim Smith (Metropolitan Police Service):** There was a suggestion in the White Paper 'Safer, Stronger Communities', I think it was, but it might have been another one, that we could establish scrutiny panels in every ward. That scrutiny panel would be led by a local councillor who would listen to people who came with problems that they had identified but had not been tackled to their satisfaction, or been tackled at all by the appropriate authority.

**Darren Johnson (AM):** Are you happy with the local authority itself, rather than individual wards having a scrutiny panel on policing issues, or again do you see that as a blurring of responsibilities and saying different things to different people?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Again, I would want there to be mutual answerability, because the idea that the local authority scrutinised the MPS in this case for its performance in relation to such and such a group of wards but did not have a situation in which they were scrutinising themselves about what the local authority was doing around lighting, housing, roads or anything else, would not be comfortable to me. As Merrick (Cockell) put it, we are moving to some mutuality here and we need to have mechanisms that look and feel mutual because there is a problem sometimes, certainly inside a CDRP, that if you talk partnership that actually one bunch is the senior partner. I think we need to be much more equal in the way that we operate.

**Darren Johnson (AM):** Just one final point. You do not want things to be overly bureaucratic at ward level, we have heard that message loudly and clearly, but do individual councillors at least have a formal right to be consulted on policing priorities?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Again, I am not ruling it out, but if he or she wants to be at the meetings then he or she should be at the meetings. Whether there should be a formal right, I would need to think about. I really do not want this to be dominated by one individual. I really think this is a breaking out into community engagement around policing. One of the difficulties we have had in previous existences is this 'decibel

decision' of the louder somebody shouts in the end the police give in and do it, and I am not sure that is the right answer.

**Darren Johnson (AM):** They might just want to send you a simple email in response to policing priorities.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** That is fine.

**Councillor Hugh Malyan (Chair):** Could we put this another way round because this is a crux point for us? Amongst a parcel of potential recommendations regarding policing issues, how boroughs respond to the GLA, this is one issue at the ground floor that we are looking at about a possibility of a proposal that the local ward councillors would have a statutory right to be consulted on a weekly or bi-monthly basis – it is probably not best to get dragged into that level of detail – and briefed on issues to do with safety and security in their ward. I am struggling at the moment to see that as in any way, and Ian (Blair) used the word earlier, of a dominance coming from local authorities.

Wrapped up into that is my slight concern about this heavy emphasis you are putting on mutuality, mutual responsibility to the public. We are not exactly the same because the local authority does have a democratic mandate in its own right, and it is already responsible to its elected councillors and members to the public, and traditionally they have sought some representative role in representing the people through various organisations and not just the council. However, I think there is an understanding of your sensitiveness about it, but I do not think people are looking at any form of dominant role. Jim (Smith) listed a number of mechanisms that the Safer Neighbourhood Teams are using to consult: they are getting out on the street, doing meetings, talking to this group and that group. Put the other way around, and again a requirement to talk to their local councillors once a month as another one of those mechanisms, is that so wrong?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I do not think it is. There are some interesting mixtures of words in what you have been saying there. One word was consultation, one word was briefing, the other was –

**Councillor Hugh Malyan (Chair):** Let me quite clear, a no-power relationship, just an ability to be consulted on what is going on in the ward, no operational involvement – good god, no!

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I think my piece would just be this. I think what you are describing is good practice, really good practice, and I would expect that that is what the Safer Neighbourhood Teams would do. I think the phrases 'statutory' and 'statutory consultation' mean that puts it on a slightly different basis. I am not fundamentally objecting, but I am not necessarily agreeing. I am listening to that first and I would like to see how the proposal emerges. It is really important that we connect, but do not forget that the chances of the Safer

Neighbourhood Teams being coterminous with wards when we have finished this, I think are limited.

**Councillor Hugh Malyan (Chair):** That is a fair point. Thank you very much.

**Graham Tope (AM):** Just following on from this, it is not the question I was going to ask originally but maybe I can come to that. Certainly in my borough, and I had assumed it was common practice, the Safer Neighbourhood Teams are required, not statutorily but by their own officers as good practice, which I think is exactly the right word, to be in touch with each of the councillors for the area they cover on a monthly basis and to be in touch by whatever means is best suited to the councillors concerned. By and large, that works reasonably well and they talk about whatever they want to talk about. Personally, I think that is the best way of doing it, rather than making it statutory and giving it all the paraphernalia that inevitably goes with that.

I am going to search for the right words before Ian (Blair) picks me up on it, but can I come back to the 'consultative mechanisms'? If we start at the base level, Safer Neighbourhood Teams, I think, are trying to set up, as best suits their area and its requirements, some form of consultative mechanism within their neighbourhood. How do you see that working its way up the consultative tree? As for instance at borough level, how, if at all, is it going to relate to the Police Consultative Group, when they exist, and/or the CDRP? In other words, there will be issues raised at neighbourhood level, which need to go on beyond that, so how does it all fit together and take this on up to London, if you like?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I will bring Jim (Smith) in, but I think that it is probably a bit loose at the moment. We are only 18 months into this programme. I certainly see a connection between the Safer Neighbourhood Teams and the CDRP. We have our various interim managers between an Area and a Borough Commander. Each Safer Neighbourhood Team has four of them, I think. All that sort of stuff will move through. Jim (Smith), would you like to comment on that?

**Commander Jim Smith (Metropolitan Police Service):** It is a difficult business. I think the first thing we need to remember is that a lot of issues that are raised at neighbourhoods are actually not for us to solve by ourselves, so what has been being established in most boroughs and currently there are what we call Joint Agency Groups. Consequently, when issues are raised they are taken to a Joint Agency Group and dealt with in that National Intelligence Model. Those that can be dealt with by borough are taken to the appropriate borough resource, a non-police resource. Those that need additional police service, i.e. they cannot be dealt with by the Safer Neighbourhood Team go into our own Tasking and Coordinating Group to get a resource when do-able in order of priority. I think that sort of governance sits there.

Where we have not reached yet is that if we find graffiti, which would obviously be a problem in nearly every ward, how does that get to the

strategic level and what is the strategic methodology of dealing with that across a borough and across London? I do not think we are quite there with that yet, Graham (Tope), but I think the good practice is working at borough level and at ward level.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Can I raise a slightly wider point here because there is a danger that we have been talking as if there are only two issues here: this kind of the national, and then an international bit over here, and neighbourhoods. There is also a pretty significant chunk within the MPS about dealing with matters that are way outside a neighbourhood's control and also largely outside a borough's control, so the work of the Specialist Crime Directorate on murder, organised criminality and so on is equally important. One of the things that I am absolutely clear on is that we have some problem neighbourhoods in London whose problems will not be solved however good we are by a group of people walking around in blue uniforms or liaising with the local authority. They are going to be solved by old-fashioned detective work and taking a few people out and putting them in prison for a long time. That is work that is done by some other people and I do not want them to think the conversation is just as if it has two pieces because it has not; it has some other pieces in the middle.

**Graham Tope (AM):** When I first indicated that I wanted to come in, it was actually to follow on from Eddie Lister's proxy question really and ask about the BTP and what you see as their future and their relationship with the MPS in London?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Again, this is a set of discussions that is now going to begin. I am conscious that the BTP is not here, so I would like to say that these are some initial thoughts. The initial thoughts from the MPS's point of view is that the London Underground in particular and the major rail termini are areas of public concern around safety. It seems that there might be quite a lot of serendipity of having one service in charge of all of those positions. I do accept that (a) it is a matter for the DTI rather than the Home Office, and (b) there is an awful lot of that rail network which lies outside London for which another solution would have to be found. You asked about how far we want to go. Well, John O'Groats is not part of it.

**Graham Tope (AM):** Is that because it is in Scotland?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** No. Scotland is part of the BTP so there is four-nation activity. We have to be careful, but I am quite positive that the position that has arisen that the MPS's radios do not work on the London Underground, which has been known about for 15 years at least, is an exact consequence of the fact that there are two police services.

**Bob Neill (Deputy Chair):** I just want to end with coming back to the basic philosophy here in this. I have been interested in some of the things that have been said. Would you agree that the premises we might agree on is that (a)



to work effectively, the police have to engage with the communities that they serve?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Absolutely.

**Bob Neill (Deputy Chair):** I agree with Jim's (Smith) points and yours that that will happen in a range of ways, and we do not need a 'one size fits all'. Equally, there has to be accountability which is something slightly different. One of our concerns as a Commission has been a tendency for accountability to grow up in ways which bypasses the electoral element. In a representative democracy it would follow, would it not, that those who have elected mandates must have a particular right in terms of accountability above those who do not have electoral democratic mandates? How do we build that into the system at all levels?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** The only part of this with which I am just slightly uneasy is the ward-level policing. I am not even saying no; I am just saying that I need to think about that, I would like to see what the proposals actually look like. For the rest, I want more and more engagement. We are all sitting here because we actually do believe in democratic accountability and explanation. One of the things I often say, by the way, is that operational independence does not give you independence from explanation.

**Bob Neill (Deputy Chair):** I agree with you.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I have to be in a position, and so has Jim (Smith) and so have others, to come forward and say 'The reasons we took x, y and z decisions, as far as they can be relayed in public are these.' I think the area that is still missing, and I mentioned it when Merrick (Cockell) asked me a question, is that there is still not quite enough engagement between the MPS and the London boroughs as a whole.

**Bob Neill (Deputy Chair):** The point is well made.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** We have this mechanism called the London Crime Reduction Delivery Board (LCRDB), with which we have now agreed five clusters of boroughs so that those clusters are all represented at that table. However, I think it is still relatively weak and we need to work out what that looks like. Another example of a group of people with whom I do not really have enough contact are the London Members of Parliament (MPs). That is another group with which sometimes you feel it could be a closer relationship. If there is anything I have suggested which says I am not interested in democratic ability that would be completely far from the point, so far from the point almost only the Sunday Times could write it.

**Bob Neill (Deputy Chair):** I am sure that is not the case. I am just interested, and I pose this final thought to you in terms of democratic accountability. The

MPS's budget is effectively about two thirds of the total precept that the Mayor levies on Londoners. It is difficult, is it not, in terms of any respect for democracy to say that that ultimate decision on that budget could be taken other than by those who had electoral mandates?

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** I have given you one model and I think I then started to explore some other models.

**Bob Neill (Deputy Chair):** I just want to leave that thought with you.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Fair enough, and I do not dispute it, but then the next stage is that if that is the case, then it is incumbent on those democratic representatives to make the system logical as far as is possible, and not to put people in a position where they are doing a great deal of work to no particular end.

**Bob Neill (Deputy Chair):** I would certainly agree with that. As long as we are agreed about that underlying principle, there are ways we can look at mechanism.

**Councillor Hugh Malyan (Chair):** Thank you very much everyone. Can I thank Ian (Blair) and Jim (Smith) very, very much for their time?

**Commander Jim Smith (Metropolitan Police Service):** Thank you.

**Sir Ian Blair (Commissioner, Metropolitan Police Service):** Thank you for the opportunity to come here.

**Councillor Hugh Malyan (Chair):** Thank you very much for coming in and giving us the benefit of your experience and your wisdom on many of these issues. It has been very helpful to us and it progresses where we are going with some of our recommendations on security issues in London. Thank you very much.

**20 October 2005**

## **Commission on London Governance: Twenty-first Hearing**

### **Evidentiary Hearing with Rt Hon Rhodri Morgan, First Minister for Wales**

**Present:**

London Assembly  
Bob Neill (Deputy Chair)

Darren Johnson

Association of London Government  
Cllr Hugh Malyan (Chair, chaired the hearing)

Cllr Cameron Geddes  
Cllr Steve Hitchins

#### **Transcript**

**Hugh Malyan (Chair):** Just for a bit of background, we fitted this one up at the last minute because we were so desperate to get you, if we could. It is not a regular day for the Commission. This is our 21<sup>st</sup> evidentiary hearing for the Commission on London Governance and I think it is going to be the final evidentiary hearing as well, so you are in at the last. I know you have about an hour with us and we are grateful for that. We will try to keep it to that timescale. With your permission, we will kick off straight away with some questions.

We know it is six years since the creation of the [Welsh] Assembly...

**Rhodri Morgan (First Minister for Wales):** Six and a half now.

**Hugh Malyan (Chair):** The Government has published its White Paper on Better Governance for Wales. We have also had supplied to us, as Commission members, your statement to the Plenary Session on the White Paper and that has been most useful to us as well. The very briefest background, for us, is that the Commission's remit is to look at the whole of the governance models for London, and how they are affecting Londoners in the local sense. Is it too centralised and what are the additional responsibilities that the Greater London Authority and the London boroughs could take on that would make the services that Londoners are getting more accountable, more efficient and hopefully better quality?

You have been going through some of the teething issues with a relatively new body, although clearly after six years it will be somewhat bedded in for now. In terms of the Government's White Paper for Wales, you are looking for further constitutional development in terms of settlement. Could you set out for us where the debate in Wales is going at the moment, particularly what additional powers or levers you are looking for and the Assembly's role in the new model?

**Rhodri Morgan (First Minister for Wales):** Let us think in the first place about the question of wider powers, that is, the transfer of power over a specific issue. That can take place under the present system and it has been a reasonably fruitful 12-18 months really – the last one – in terms of requesting the Government, or sometimes the Government requesting us to take on a set of powers. That does not change your constitutional position; it just simply means that you have budget responsibility and policy responsibility over new areas. What have we taken on recently?

Animal health: following on from the foot and mouth crisis of 2001, we asked for animal health and finally we have had that transferred now to Wales. We did it anyway in 2001, but we had no legal powers to do what we did. We always thought it was better to match what you are doing with the legal powers you have.

Second has been railway coordination. The Scottish Parliament was given much more power over railways than we were, and now we have much more power over railways than we previously had – in order to be able to coordinate with the road and highway powers that we already had. That has been transferred. The Children and Family Court Advisory and Support Service (CAFCASS), the court welfare service, is a very obscure area of the government but very important to the client group that it deals with; the CAFCASS servants in Wales are civil servants of the Welsh Assembly at the moment. I can never remember the other part. Can you remember what the other recent transfers of power were? I have a feeling that there is one quite important one that I am forgetting, but we will come back to it in a minute.

That is the wider powers issue. Then, there is the question of how far you can go in terms of deeper powers with all of your existing, and any new powers you have. Fire was one of the ones that you have already that we did not previously have. Of the three uniformed services now, we always had ambulance, because that was part of health; we now have fire. We do not have police. It is conceivable that we will get police as a result of the present reorganisation. We are not asking for it but it is possible that as a result of the Government's now big reorganisation proposals for constabularies, it is just possible the Government may say, 'Look, ambulance and fire, two uniform services out of the three, are already devolved; we wish to devolve the third.' We will drive quite a hard bargain of that because the financial implications are pretty massive in terms of police devolution. We certainly have not asked for it but we might get it anyway.

Then deeper powers: following the report of the Richard Commission, which in a way is the comparable body to you, that we set up in 2003, and did a very good job; although some members of the Richard Commission have got very shirty, the Government and the Labour Party then in the process leading up to the 2005 election did not follow every jot and tittle of the Richard Commission's recommendations. Nevertheless, we have come to a way of carrying forward quite a lot of the Richard Commission recommendations but not quite in the timescale, with a slightly different model, and different voting systems, but we have the White Paper. The White Paper is currently being

translated into a form in which it can be published as a Bill, we hope before too long. If all goes to plan, and if there are not some great external events which knock things completely off course, then the Bill should be published in the next couple of months. It should go through the Houses of Parliament, be amended in various ways – obviously, that always happens – but then it should get Royal Assent in sufficient time to allow the third Welsh Assembly starting in May 2007 to have deeper powers.

What are those deeper powers? They will be to make application to Parliament for the release by Parliament of the power to make legislation in certain areas. It will be a parliamentary release-catch mechanism, if you like. We will make application to say we want to, probably this problem might have been solved by that time, but say we had those powers, we would be able to not have to wait for the Government to move on the issue of smoking in enclosed public places. We would be able to apply to Parliament and say, 'Look, we have had a vote on this. We have had a debate on it and we have done a consultation on it and we want to ban smoking in enclosed public places, will you let us legislate in that area?' Parliament would then consider whether it was appropriate to release that power to us. If they did, then we are away and we can debate, consult and legislate in that area or similar areas, if we had that power. It also contains the long-term ability to transfer, without another Act of Parliament beyond the one that is being written up now ready for publication, full primary legislative powers similar to Scotland but after a referendum and only subject to a positive vote in a referendum. Both the Secretary of State, Peter Hain and myself have said, 'Look, we do not think there is any immediate pressure to do that but the power should be there.' The power should be subject to a referendum, which can be activated then after a two-thirds vote of the Welsh Assembly at any date in the future, 2010, 2020. Who knows? All I know is I will be retired by then.

**Hugh Malyan (Chair):** Thank you very much. Just going back on a point, out of interest, you mentioned the police, not got the police yet, might even be offered it at some date in the future but you have not asked for it. I was slightly surprised by that because my instinct would have been whether you are dealing with crime in Croydon – as I am – or on the wider scale as in Wales, you would want the levers.

**Rhodri Morgan (First Minister for Wales):** We are involved in Community Safety Partnerships and we are involved in... because the funding of the police is horrendously complicated.

**Hugh Malyan (Chair):** I appreciate that.

**Rhodri Morgan (First Minister for Wales):** We are already involved in part in funding the police because it goes into the Revenue Support Grant for the local authorities, for the Community Safety Partnerships and for the police precept. It is very complicated. The Home Office provides most of the funding; we provide some of the funding so if we provide some of the funding, why do we not have control over policy? We do in terms of Community Safety Partnerships. The critical thing in talking about the future of policing now that

the Home Secretary, Charles Clarke, has said that he wants a major rationalisation in the number of constabularies in England and Wales from the present 44 to 15 or 20, something of that sort, is not really in the end whether it is devolved or not to Wales or kept under the Home Office wing; it is really, if you are going to have a major reduction in the number of constabularies, how do you keep local accountability and control?

Say you had an all-Wales constabulary, which is one of the models that has been heavily mooted, you would then either have three regions underneath that, which would have the same boundaries as the fire and the ambulance so that you could have joint control rooms, 999 services would be much more efficient on that basis. Or do you go straight from the chief constable and deputy chief constable down to the basic command units, which you would align with your local authorities and your Community Safety Partnerships? Those are technical policing issues about more bang for the buck out of your public money. They are not these big constitutional issues as to whether it should be devolved to Wales or not. Both the Home Secretary and I take the same view on that. Let us get the technical details right. The issue about devolution or no devolution of police function is a secondary issue to that.

**Hugh Malyan (Chair):** By that statement, in talking to the Home Secretary and whatever, as First Minister for Wales you clearly feel you have more than sufficient influence on what is happening in policing in Wales that you do not feel that need for the big constitutional sort of switch as well.

**Rhodri Morgan (First Minister for Wales):** No, you do not. To be fair to the Home Secretary, on the day that he announced the proposal to reduce the number of constabularies, he wrote to Edwina Hart, who is my Social Justice and Regeneration Minister, who deals with policing and civil emergencies and so forth and said, 'Look, we want to consult the Assembly on this matter. You consult the people of Wales and form a view and let me know what it is.' That seemed very sensible, so we are carrying out a consultation exercise at this moment, even though it is not devolved but we are doing the consultation, at his request.

**Bob Neill (AM):** Thanks, that is very interesting actually. I was glancing at the debate on your statement and I noticed my opposite number in Wales, Nick Bourne (Leader of the Conservative Party, Welsh Assembly), saying that one area of unanimity seemed to be the importance of separating the executive and the legislative functions within the Assembly. It would just be interesting if you could perhaps give us a bit more detail on how the Welsh Assembly and how that is going to work and what the role of the Welsh Assembly will now be and how you keep that separation effectively.

**Rhodri Morgan (First Minister for Wales):** I am glad that you raised that issue and I am glad that you referred to your political colleague, my political opponent, but actually on this particular issue we hold pretty well identical views as far as I am aware. The phrase that Nick Bourne uses about it is the classical old model, namely of a separate executive and legislature. I might not use that phrase but I understand exactly what he means and I concur with

it, namely, we are trying now to normalise the administration of Wales to make it similar to the administration of most small countries, regardless of whether they are devolved within a much bigger member state of the EU or country like the United Kingdom or whether they are completely independent countries like Latvia or Lithuania or whatever.

You will normally have a legislature, that is the politically accountable body which passes or rejects legislation but you will then have an executive branch as well which runs, quote, the government side of things, unquote, to whom civil servants report through their departments to the minister and they will generate ideas or they will have a manifesto commitment to do something and then it has to be tested to see whether you can get it through the legislature because you are always accountable and you must have the ability to command the support of the legislature in what you are doing if you are the Government.

That is the classical model. Now, we were not given the classical model; we were given the old local government model: the body corporate or corporate body. What the difference between a corporate body and a body corporate is, I do not know, but that is the classic local government model. The local government model that we were given in the legislation of 1998 was not the local government model that you have now. At the time we were given it, it was in local government just at the time when local government was moving away from it to the cabinet, backbenchers and scrutiny committee by the legislature and so on. We are now trying to catch up with the new pattern of local government and what is the norm for administration, where you have reasonable separation of executive and legislature. I think there is strong cross-party agreement on that. Nobody wants to stay with the body; well, a tiny minority of people want to stay with this corporate body where everybody is in one nice jolly boy-scout camp all together.

**Bob Neill (AM):** That is interesting. That involves probably a more structured form of scrutiny from the Assembly's point of view.

**Rhodri Morgan (First Minister for Wales):** Yes, and a diet which would be related more to passing, scrutinising and maybe rejecting legislation as well; which would not be something that you would find in local bylaws of course. By and large, a local government would have scrutiny but it would be the scrutiny only of executive decisions, whereas in our case it would be scrutiny of executive decisions and scrutiny of legislation.

**Bob Neill (AM):** Yes, I suppose an equivalent that could be achieved in the London scenario would be giving the Assembly the right to amend the mayoral strategies. That is a sort of quasi-legislative role in some form.

**Rhodri Morgan (First Minister for Wales):** Yes, that is right. Exactly.

**Bob Neill (AM):** I understand.

**Rhodri Morgan (First Minister for Wales):** Because you have a directly elected Mayor, almost more like the American model at the separation of the executive and legislative branch; whereas what we have is more a mini version of the parliamentary system. The key thing for you, for me as First Minister and my cabinet, is that we continue to have the confidence of the legislature. Can we say we have the confidence of the legislature in order to exist at all and then for specific proposals to go through? At the moment actually, we are in a minority because of a defection at the time of the election six months ago so we are going to have a very interesting final 17 months of this Assembly. That is the key test. Can you get your budget through? Can you get your manifesto carried out and so forth?

**Bob Neill (AM):** I think you are right. That is something we are probably more comfortable with, and in a sense more conscious of. That is one of the interesting things that that does not apply here in the Assembly. The other thing I was just interested in was that you did not think there was a demand for primary legislative power as things stand. Do you see much opposition to the current state of proposals?

**Rhodri Morgan (First Minister for Wales):** Well, it is interesting. It is still very divisive in Wales, I would say, because the devolution referendum of September 1997 is still engraved on my heart and everybody else's heart. We had to wait until five o'clock in the morning before we knew what the outcome was, and the outcome was a wafer-thin majority of about a half a percent of the vote and only half the people took part in the vote. In a working-class country like Wales, by and large, constitutional proposals are not what people talk about in the pubs and they are not what people talk about when they are stuck in a queue in the supermarket. It is an anathema to people to talk about constitutional change. They just do not want to know. I do not blame them. It is for people who are actively interested in politics to discuss these matters and the smaller, professional middle class in a country – and in Wales it is very small indeed – the less interest you will get on issues like that.

There is an argument that if you asked people if they thought we should be given a second-class settlement by comparison with Scotland, that yes, you would get a bit of take for that in the pub. On the other hand, if you say, 'Well, would you go out and vote in a referendum?' then the answer would be 'Bloody hell no. Bloody politicians etc.' It cuts both ways and we believe that a non-referendum-based adjustment to the present system - tweaking it so that it gives us something closer to the classical model of legislature and executive - is the right way forward, given the fundamental lack of interest in constitutional issues. We would still involve Parliament in having to release those powers to the Assembly, on application from the Welsh Assembly, and adjust the present proposals to get something more practical; rather than throw it all away and starting with something different. In which case you would have to say, 'This is so different from what you got in the legislation and the referendum in 1997 that you have to start again with another referendum.'

**Bob Neill (AM):** I am sure you would get the same response in pubs in London if we talked about referendum, and sometimes without, you know.



**Rhodri Morgan (First Minister for Wales):** I seem to remember that the referendum turnout in London, remarkably, was even lower than in Wales. The majority was much bigger but the turnout was around 37%.

**Bob Neill (AM):** Absolutely, just local council election type of turnout really, which was disappointing. The one other thing I was interested in was if you see any pressure, or desire, for some fiscal devolution, some greater ability to raise funding locally in Wales. Or is that really just such a hot potato that that is a long way down the track?

**Rhodri Morgan (First Minister for Wales):** All of those things, certainly if you look at the referendum of 1997 where you see a wafer-thin majority of that. That was with no tax-raising powers. It is true that there was a fair bit of scaremongering around tax-raising powers that would be round the corner, but even so, the fact that those who were campaigning for a 'yes' vote could resist that and say, 'No, total rubbish. There is no proposal for tax-raising powers.' If there had been a proposal for tax-raising powers, it would have been at least two to one against, to be honest. What is the reason for that? The reason is that you cannot get blood out of a stone. Wales is a working-class country, as I said. Wealth levels are not high and therefore proposals which involve the potential for a higher level of taxation would have sunk the whole referendum proposal. That is still true today. It would clearly require another referendum and that referendum would be lost if you included tax-raising powers.

There is no doubt in my mind at all because of Wales' fiscal position. We have an unusually high number of elderly people in Wales because we a popular retirement area. A lot of Londoners retire to Wales and a lot of people from the north-west of England retire to north Wales. As well as our own old people, we have, in part, old people from other regions. Roughly speaking, 5% of the population of the United Kingdom, we pay 4% of the taxes, because you could say that we have 4% of the taxable capacity and we have 6% of the problems. The idea that we could be fiscally more independent and raise more money in order to pay for higher services would be lunacy given Wales' position because we do not have big company headquarters, we do not have – although Wales' first hedge fund was announced yesterday –city-type institutions in Wales. We do not have merchant banks, stockbrokers or those others with telephone-number salaries. It is just not something we have in Wales, so taxable capacity is low and therefore you are asking people to say, 'Okay, I cannot really afford the taxes I am paying now so yes, I will put my hand up to pay more taxes.' It is just not going to happen.

**Bob Neill (AM):** It is not going to happen. I quite understand your point. That is helpful, thanks.

**Darren Johnson (AM):** Could you say something about your view of the role of the Welsh Assembly Members who have not been part of the executive in Wales, a sort of overview?

**Rhodri Morgan (First Minister for Wales):** They fall into three categories. Really, there are those who are backbenchers on the government side, if you like and then there are the opposition parties, both those who are front-bench party leaders and then there are those who sometimes are ex-ministers, who are a very special breed. Even in a new institution, as of now, we are a nine-member cabinet but only four of us have actually been right through from day one. There has been a bit of turnover at ministerial level. It is healthy that there should be. Of the government-side backbenchers, we use a local government practice of a weekly group meeting really. Therefore, we still tend to involve them in the way you would in a local authority.

I suppose probably half of them were actually ex-council, so they were used to that, but we also thought in a new institution. You wanted that involvement, which is completely contrary to parliamentary practice. Tony Blair (Prime Minister) or his ministers do not go along to the parliamentary Labour party (PLP) every week and say, 'I submit our proposals for legislation or executive decisions for the following week to the parliamentary Labour party.' Certainly not, but we do talk through the reasons why we propose that the whip should be as it is, and by and large we have to carry the group in that sense. There is quite a lot of involvement as you would get in a local authority group, but I think there is still some frustration as to whether they have enough of a role, in the same way that scrutiny committees have not really got off the ground yet and people are still frustrated with the new model in local government across England and Wales and so on.

The opposition side is very interesting because with proportional representation (PR) it has been the making of some parties who have been historically not very strong in Wales, like the Conservatives.

**Darren Johnson (AM):** It has done pretty well in London.

**Bob Neill (AM):** Yes, probably. If you look at the balance of the parties, we are completely first-past-the-post (FPTP), all 29 Labour and the defector for that matter, the 30 that were elected in May 2003 were elected on first-past-the-post. The next party in terms of numbers is Plaid Cymru, which is 12. They have about five first-past-the-post and seven on the list, I think. The Liberal Democrats are three and three; they are six. The Conservatives, it is one first-past-the-post and 10 on the list. They have been the overwhelming beneficiaries of proportional representation and if you believe in proportional representation then you can see that that is perfectly fair. Some people see it odd that the Conservatives still say they are against proportional representation, or most of them do, but that is fair enough. That is politics.

For them, there has been a benefit in recreating a party that was wiped out in two elections in 1997 and 2001, as they were once previously in the Liberal landslide of 1906 in Wales. Their involvement therefore to some extent is preparation for the General Election. It gives them a very good platform for that. There are candidates who have moved on from the Assembly to stand for Parliament, in one case at least, successfully. One and a half cases, I think, because we had a previous member who had come in as a reserve on

the list following a resignation who is also now a Member of Parliament and then we have one dual mandate MP who was the first-past-the-post Conservative in Monmouth and he won the seat in the House of Commons, so he now has a dual mandate.

Opposition AMs, Assembly Members, have a degree of enjoyment of the political cut and thrust and learning the ropes of politics with a view to it possibly being an apprenticeship to standing for Parliament and so forth. I mean, the crucial question in Welsh politics today but also in principle at all times really, is whether the other three parties could ever form an anti-Labour coalition to act as an alternative to Labour, so that you could envisage Labour winning an election, doing very badly and then being replaced by a rainbow coalition of the Welsh Nationalists, the Conservatives and the Liberal Democrats; or whether the other alternative to Labour not doing very well is for Labour to form a coalition with the Liberal Democrats, as we did for two and a half years in the second half of the first Assembly from late 2000 to 2003.

**Darren Johnson (AM):** Whether it is due to defections or through things being finely balanced with the PR system, things have been pretty much on a knife's edge from day one in Welsh politics.

**Rhodri Morgan (First Minister for Wales):** Absolutely.

**Darren Johnson (AM):** Has that created deadlock in anyway or have there been instances of deadlock, or has the process generally worked?

**Rhodri Morgan (First Minister for Wales):** We are still too young to have had deadlock. I do not think we have what may happen now in Germany, let us say, where you get a kind of grand coalition but nobody can agree on anything, therefore you cannot change anything because you would never get it through the Bundestag, even though you have a majority of about 500. You have to agree what you are going to do and they cannot. We have never had actual deadlock. Somehow or another we have always been able to break the deadlock so far but it is only six and a half years. The next 17 months will be a very interesting test. In fact, the next 17 days will be a very interesting test because we are coming up to the setting of the budget for the year from April and we do not have a majority and the critical test for survival of any minority administration is, can you get your budget through. Obviously, there will have to be some give and take for us to get a budget through.

The other parties could at any time decide Rhodri Morgan has to go. They could take over. If they take over then, obviously, the political risk to them is that if you are a Conservative, Conservative voters do not like the idea of Conservatives entering a coalition with a Plaid Cymru First Minister. If you are a Plaid Cymru voter, you would not like the idea of your more holier-than-thou-left-than-the-Labour-Party party going into coalition with the Conservatives, having Nick Bourne as the deputy or whatever it would be, you know? They have to think that it is only 17 months from the commencement of the election campaign and what sort of message is all this giving. So if they

do not want to take over, although they have the votes to do it, they have one to spare, and we still have to form a budget then you have to have methods of breaking the deadlock and that is what we have to investigate. It will be a pretty crucial period now through to mid-November, possibly December.

**Darren Johnson (AM):** Has the finely balanced nature of it all made you nervous as First Minister about increasing and formalising the legislative role of the Assembly as a whole and moving away from the original system? It is certainly making the Mayor quite nervous.

**Rhodri Morgan (First Minister for Wales):** If you mean, how shattering would it be if having worked very hard, socks off etc., eyeballs out, in order to get the new legislation and the new powers and the new set of tools for a First Minister of the third Assembly in May 2007, I find it is not me because we have not won a majority and it is a rainbow coalition of the other three parties. Naturally I would be brassed off, but that is democracy. If that is what happens, that is what happens. There is no point in worrying about it. The principle is still right regardless of who wins the election. You have to take the rough with the smooth.

**Darren Johnson (AM):** Okay, that is useful. Can I just ask a question about quangos as well because I know quangos were a really controversial issue and actually helped launch the Welsh Assembly?

**Rhodri Morgan (First Minister for Wales):** That is a fair point.

**Darren Johnson (AM):** What is the relationship now between the Welsh Assembly and the various quangos and has the number of quangos actually reduced or been made more accountable or what?

**Rhodri Morgan (First Minister for Wales):** Yes, we are right in the middle of that process. We did not do big things in the first term of the Assembly on the quango-reduction front. We made some mergers of quangos but, by and large, the quangos ... As you say, the subtext of devolution is that you cannot have Wales run by 60 politicians and a whole load of quangos spending say half the budget and having boards and probably even of the significant executive quangos, with actual budgets and staff and so forth, there would be about 200 members of the boards of those quangos and there are 60 elected politicians. There is not really room in a small country like Wales for both. We knew and everybody knew that it was part of the subtext of devolution that at some point, when you had sufficient time to legislate, sufficient time to think through all of the implications, then we would have to do something to reduce the number of quangos, take over some of the functions and make them fully democratically accountable in the normal way, through ministers and Assembly scrutiny and so on.

That is what we are engaged in; we are right in the middle of that process now. I made a statement to the Assembly yesterday on this very point, to give a progress report and to be scrutinised by the other party leaders and so forth in front of the full Assembly on how far were we on the winding up of, or the

bringing into the government machine of the functions of the Welsh Development Agency (WDA), the Education and Learning Wales (ELWa), which is our equivalent of the Learning and Skills Councils (LSCs) and the Welsh Tourist Board, so they will become units of government rather than separate Assembly-sponsored public bodies to whom we give a budget, an annual remit letter, and appoint the boards; but in other respects we only have very arm's-length control. From 1 April next year, those three big Welsh-Assembly-sponsored public bodies or quangos will become units of government rather than separate arm's-length bodies and then there will be another wave of smaller ones coming in on 1 April 2007.

**Darren Johnson (AM):** Obviously, the accountability will improve in terms of straightforward political accountability. Is there a danger? I mean some people have expressed fears that if that happened here, in that if more boards like the Transport for London (TfL) board became full of politicians rather than quango appointees that somehow you lose expertise. Has that been a concern at all?

**Rhodri Morgan (First Minister for Wales):** Yes, people have put that but we have looked very closely at the model in New South Wales, our nominal opposite number on the other side of the globe. Whenever I try to explain what a quango is to the people in the government service in New South Wales, at political or civil service level, they are left scratching their heads as to what this is. They just find it very difficult to understand. They have what you call public sector industries. TfL actually might not be a quango so much as a nationalised, well, not a nationalised but it is an industrial. That is more like what they have in New South Wales, where they run the ports, they run the water service, they run the airport, they have still a very extensive amount of state ownership in Queensland and New South Wales say. TfL, I would think, is a bit more like that. It is not a policy-making body. It actually owns the assets, does it not?

I am not sure about this now because obviously I do not have any detailed expertise on London but certainly the issue about WDA and the Tourist Board and the Learning and Skills Council and the Curriculum Council for Wales (CCW) and the Welsh Language Board and so on, they are in a way bodies to whom policy issues are sub-contracted and although they may own modest amounts of land and so forth, they are not, by and large, akin to Welsh nationalised industries. There are none. We do not own any nationalised industries in Wales so what you are bringing in are things which are governmental in their nature, not operational, commercial bodies which you could say TfL is more operational and commercial. We do not have any that fit into that category. The last one would have been the water industry, which obviously was privatised. A regional nationalised industry then, if you like, was Welsh Water and that was privatised in 1988, long before the Assembly came along.

**Cameron Geddes (ALG):** You rightly pointed out that the people of Wales are far too sensible to spend a lot of time talking about constitutions and such things. It is a strange type of person that does lock themselves away and talk

about constitutional matters. Service delivery, then, is probably more important to them. Since devolution, what have been the successes and frustrations with service delivery?

**Rhodri Morgan (First Minister for Wales):** I entirely agree that service delivery is what people actually care about and any breakdown or failure of service delivery is what gets people really agitated and causes them to contact their Assembly Member or write letters to the newspapers or vote in a different way than they might otherwise have done. It is interesting; it does cut both ways. I think by having a very open and democratic forum compared to the previous existence where, say the Secretary of State for Wales would be open to challenge in the House of Commons, once a month for half an hour between three o'clock and half past three and then in the Welsh Grand Committee from time to time open to challenge there but by and large could run all his executive decisions without much democratic scrutiny. Now the democratic scrutiny is very intense. In other words, we sit like the House of Commons, although not for the same weeks but for about 32 weeks of the year – that is the same in total as the House of Commons – two plenary sessions, Tuesday and Wednesday afternoon, committee sessions on Wednesday and Thursday mornings etc. The degree of intensity of that laser-like focus on 'why did you do this?' 'why did you not do that?' 'why have you failed to this?' - the challenge is very high.

The one side of that that can be a bit daunting is does it have any of kind of possible negative effect on the recruitment of staff who think, 'Oh my God, am I going to be in some way dragged into this incredible transparency of scrutiny?' which is hard for some people who think that they have been appointed into a civil service position in order to get on and work very hard and produce the right decisions and then get on with it and execute those decisions. The thought that in some way, they are going to have this public scrutiny and be dragged almost into a public arena, does not appeal to some people and they might actually find that it does effect recruitment at senior levels. That is the only downside. I love it because I enjoy the rough and tumble. I wish First Minister's questions went on for two hours instead of 40 minutes but it does not appeal to everybody, it has to be said. It is a certain type of person who thinks that cut and thrust is healthy for the democratic system. There are people who find it an anathema and they think, 'I want to be getting on with my work.' They do not accept that that is part of your work. It does cut both ways a bit. It does not appeal to everybody.

**Lawrence Conway (Principle Private Secretary for the First Minister for Wales):** As a civil servant I am head of the First Minister's office and I have been in the Welsh Office since 1968 actually. I think it adds tremendously to the amount of rigour which needs to be applied to the development of policy for the civil servants in the Assembly. I might have a bit of a minority view in some respects because you might say that the scrutiny levels that civil servants have now to think about is much, much greater obviously than in the pre-Assembly days but in terms of comparing the Welsh Office with any Whitehall department – which in a theoretical sense we are supposed to be on a par with in terms of policy development – then, with the Secretary of

State particularly – and this is not a political or party political point I am making – but during the, shall we say, 1980s, the level of scrutiny that was applied to the then Conservative Secretary of State in terms of policy and so on was pretty minimal. The First Minister has made reference to that.

You know, whilst it has added to the workload of civil servants in a sense, there are policy-development phases, if you like, that are being put through not always because of the legislators but necessarily in anticipation of what the legislators might be coming at, in terms of the networking that you would do in Wales, development of non-governmental organisation (NGO) contact between civil servants and so on. All of that, I would say, has come about in great numbers. You cannot hit that in terms of a policy development target that you hit or whatever but in terms of the rigour that you are applying to the development of that policy, I would think that the creation of the Welsh Assembly has generated a fundamental sea-change in the approach to policy development. I do not know if that is helpful.

**Cameron Geddes (ALG):** The only other point I was going to ask about is your relationship with the councils across Wales. Are there tensions? Presumably there must be.

**Rhodri Morgan - (First Minister for Wales):** Of course there are tensions. It would not be natural if there were no tensions because local authorities are a tax-raising body – they have to levy Council Tax – and we are not. I can remember the accusation being made during the passage of the legislation in 1998 that we would deviously find a way of raising taxes, despite the fact that we are not allowed to raise taxes, by reducing the Revenue Support Grant to our 22 local authorities thereby causing them to increase Council Tax. In fact, I think the evidence is that we have not done that because I think when we came into existence the average Band D Council Tax in Wales was 19% less than in England and now it is 25% less. It is quite clear that in fact things have gone the other way and that in England, even though there is the power of taxation with the UK government, one way or another Council Tax has gone up by more in England than in Wales during the six and a half years of the Assembly.

Maybe the accusation that we might use this as a backdoor method of raising taxation has hurt us so badly, that we have done the reverse and actually used it as a method of reducing the burden on Council Taxpayers so that the gap is now bigger than it was, quite substantially. If you look at Band D Council Tax in Cardiff, it is about £950 and over the water in Bristol it is £1,250, something like that you know? Wrexham and Chester, ten miles apart in north-east Wales and north-west England, have the same sort of difference of 25-30% in Band D Council Tax.

**Cameron Geddes (ALG):** What are the service delivery areas where there are any tensions?

**Rhodri Morgan (First Minister for Wales):** In service delivery, some things go very well, such as municipal waste recycling targets. We set a target, we

consult with them, we have concordat with local government which says, 'We will not give you new duties unless we also fully fund the cost of the new duties we are putting on you.' Say on municipal waste recycling, we have agreed a target to hit 25% of municipal waste recycling/composting by 2007 and 40% by 2010, I think it is, but if they can show costs, then we refund those costs for them. They are quite ambitious targets and coming from the very, very low base that we were at in 1999 – I think we were at 5% or something, lower than Scotland, Northern Ireland and England – and now we are up in the leading group of the four parts of the UK and we need to be because, you know, we are at about 16-17% now, so we have to reach 25% in two years' time and 40%. There is still a very long way to go but we have a concordat that we do not give you additional duties unless we fully fund the additional cost.

Now, there are always arguments as to what are the additional costs. The teachers workload agreement, for instance, for primary schools to have time off, teachers to have time off for preparation time, what is the cost of that? Well, you are always going to have arguments as to what the actual costs are and initial citing shot by local government always tends to be on the high side, ours tends to be on the low side and when the facts and figures comes in, you hope that you have an agreement and so far, by and large, we have. That applies even when you get quite big shifts in political control in local government in Wales.

You probably do not read about Welsh politics that much but some of our biggest councils in the elections now recently – 18 months ago – traditionally Labour councils went Lib Dem or Lib Dem majority, with no overall control. Some of the councils that Labour had lost – big councils like Rhondda Cynon Taff, the second largest council in Wales, and Caerphilly, the fourth largest, which had been lost to Plaid Cymru, came back to Labour, so there are quite big shifts. I do not think it affects that particular relationship over wanting full funding of duties and tending to overestimate initially and underestimate initially the cost of these additional duties. I think that is just politics, is it not? It is inevitable.

**Hugh Malyan (Chair):** Still on that point, when the GLA was set up here in London for right or for wrong, there were periods of time in the early days where there complaints from council leaders of different party political backgrounds.

**Rhodri Morgan (First Minister for Wales):** In the boroughs or here?

**Hugh Malyan (Chair):** The boroughs here, I am here for the moment. From the boroughs, in terms of the devolution settlement to the GLA that the Mayor was either in budgetary terms, through the precept or through actual policy areas – highways would be a classic area, where there is dual responsibility – that it was not just about a devolution downwards from central government, that there was a bit of a grab going on for stuff that was already down below the GLA tier. Have you had any of that sort of difficult relationship with the 22 unitaries in Wales, accusing the Welsh Assembly...



**Rhodri Morgan (First Minister for Wales):** Of them suspecting that we want to take a function away from them?

**Hugh Malyan (Chair):** ...that you are taking bits away from them or has there been a very clear separation on that?

**Rhodri Morgan (First Minister for Wales):** Pretty good, actually. I mean, we are currently engaged in a major exercise with Welsh local government to try to work on shared by the corporate services or shared service delivery. That is, you do not change the political accountability. We are not saying that you would formally remove the control of education, social services or anything else or that we would give formal control over something that we currently carry out in community care or something of that sort from out of the Welsh Assembly's responsibility to local government but we are saying, 'If at the service-delivery level you had some sort of service-delivery agreements and you could have an all-Wales function for doing this or a north-Wales function for doing that service, do you have to have 22 directors of education and education departments just because you have 22 local authorities.' That is not a power grab saying we will take that over to Welsh level. It is saying to them, 'Look, why do you not form consortia here? You still have five local authorities in north Wales but why do you have to have five directors of education and five directors of social services?' They already do that say for special needs education, so why not...

**Hugh Malyan (Chair):** It is sort of horizontal sharing.

**Rhodri Morgan (First Minister for Wales):** Yes, horizontal sharing with no change of political accountability and no proposal to transfer powers into the Assembly but we are engaged in this exercise of saying, 'Are there not major savings we could make by having service-delivery shared service centres or shared departments?' You can have five education committees representing five local authorities but you do not have to have five directors of education, deputy directors of education, assistant directors of education and you could deliver things with a lot less bureaucracy and a lot less back-office cost, if you like.

That exercise is being led by Sir Jeremy Beecham, that you probably know and under Sir Jeremy Beecham, he has two assistants, Dame Gillian Morgan (Chief Executive of the NHS Confederation) who is Welsh born, and Professor Sir Adrian Webb who is retired Vice-Chancellor of the University of Glamorgan and to get the education, the health and the local government experience into the team and to try and engage with local government, the health service, ourselves to say, 'Look, should we not have some swaps here. We deliver this for you; you deliver that for us. Big savings in bureaucracy. Big savings in the overhead.' Can we cut the overheads in public and transfer the savings then into frontline services?

**Hugh Malyan (Chair):** I notice also, because I have done a little bit of work in Wales with another hat on, I will not say where, but of your 22 unitaries, some

of them are very small and there are obviously – at a professional level – capacity issues, particularly in relation to the big two, like social services and education. What are you doing to help them? What is your role in recognising that and helping something to happen about it?

**Rhodri Morgan (First Minister for Wales):** If I can go back to the previous answer then, it is exactly that sort of circumstance that we are trying to cover. If you take the very small councils, Merthyr Tydfil with 55,000 people and still falling because of depopulation, some of the other authorities probably around the 65,000, whereas really you need – to be efficient – it would probably be better to be 150,000 or more. Some councils of 150,000 are not all that efficient, it has to be said. The problem is that for a very small council, instead of what you might have expected back in the days of the Welsh local government reorganisation, which abolished the distinction between counties and districts and gave us a number halfway between the previous 37 districts and the previous 8 counties – split the difference, it comes out at 22, so that is what we have, 22 unitaries. They range between Merthyr Tydfil and Cardiff between 55,000 and 315,000, I think it is.

People thought, 'Well, that is okay because a small council, they will pay their chief executive less, they will pay their director of education less and they will pay their director of social services less and Cardiff, with bigger responsibilities, they are paid more.' It did not work like that at all. The smallest authorities were sometimes paying more to chief officers because they could not get the staff otherwise. They wanted to compete, so they thought, 'What are they getting in Cardiff? Well, offer them another 10% to come to Merthyr Tydfil.' That means the budget for Merthyr Tydfil then, once you have paid for the director of education, the director of social services, half a dozen deputies and assistants, there is not that much left then for service delivery because it has all come out of overheads.

Now, we are trying to solve that problem but without going through the primary legislation procedure of saying, 'Right, we are going to go from 22 to any number that you can pick out of the hat really: 14; 15; seven; eight; whatever,' and say, 'Look, the key thing here is reducing the bureaucratic overhead of the delivery of the service, not how many councils you have.' The number of councils you have has been set in 1995, so leave that alone. Let us concentrate on: can you have swapped service delivery at the officer level, reducing the costs of delivery and passing the cost that you have saved into frontline services? Now, that is the Jeremy Beecham, Gillian Morgan, Adrian Webb exercise and we are doing it on a voluntary basis and there is no question that Welsh local government is up for it in the same way that we are up for it and the health service is up for it.

**Hugh Malyan (Chair):** Thank you. Just one other point Rhodri, back to the purpose of this Commission, we feel perhaps very much with central government that if we are going to be able to influence their agenda in terms of further devolution on an accountability model, that we have to show how it is going to improve things. Now, you talked a moment ago, when this question was asked in a different form about what could you show and you

talked about the increased accountability, particularly as your colleague talked around the policy production, the rigour in policy production. Are you able to make it easier for us and say what is an outcome – something you could put in the newspapers, so in other words, government would understand it – what is an outcome that the production of the Welsh Assembly has actually done, something for the people of Wales that is a distinct improvement you can see.

**Rhodri Morgan (First Minister for Wales):** I do think about this issue from time to time and obviously, I am not objective. I cannot be objective, can I? Let me give you two or three examples. In terms of problem solving, the pressure to find a solution to apparently intractable problems over single executive decisions then, let me give you some examples. The Wales Millennium Centre – the multi-purpose opera house and cultural centre – which opened in November last year. That had been hanging fire since 1987 when the question of new home for the Welsh National Opera company (WNO) in the bay was first mooted by the outgoing Secretary of State, Nicholas Edwards. It had been on the table for therefore 14 years until 2001 but we put the package together, found the solution and it is up and running as of November 2003.

There was a hangover – another example, which is very timely – from the days of the Cardiff Bay Development Corporation whereby to complete their plans they had to move the Welsh National Industrial and Maritime Museum but they did not have an alternative site for it so all the exhibits went into storage. We opened the new Welsh National Industrial and Maritime Museum in Swansea this week. £32 million, Heritage Lottery Fund money, our money, EU Objective One money and so forth. We solved the problem that was not previously solved and was a hangover from Cardiff Bay Development Corporation, a sort of missing bit of the jigsaw they did not actually want.

LG: the gigantic development supposed to involve private-sector investment of well over £1 billion and a government grant from William Hague of £243 million. Out of scale completely with anything previously seen in Wales, but because of the Korean crisis, the borrowing crisis of 1997 overwhelmed Korea, LG and all the other big Korean companies, we were left with this enormous white elephant, this semi-conductor factory which never operated at all and an electronics factory for making PCs and computer screens and God knows what else that was supposed to employ 6,500 people. It is employing about 800. A huge white elephant and an enormous amount of public money. As of this summer we have at least got a large part of it off our hands now with Barlow Quinn[?], an Irish company, coming in. It is going to create 460 jobs, spending £125 million. It is not all solved because it is a huge complex there but we have solved a lot of it. That is having this laser-like transparency of decision making, the pressure on you, making the hairs on the back of your neck ... If you have not done it, what are you doing about that, what are you doing about that?

On a wider policy issue, what have we done that was not conceivable under the previous executive devolution but no administrative devolution, two major areas in education. At the A-level end, firstly, you know the big controversy in

England as to whether or not the Tomlinson Report should be followed to widen A-levels so that it covers, gives parity in esteem to vocational and academic qualifications for 16-18 year olds. We are at the pilot stage at the moment. 30 schools and Further Education (FE) colleges are participating in what is known as the Welsh Baccalaureate or Welsh Bac for short. If that pilot is successful – it looks as though it is going to be but it is a bit early days yet – that will be rolled out as the kind of thing probably that Tomlinson was thinking about but the Government has decided, ‘No we do not want to go down that road, bit nervous about it.’ We are piloting it now. It may be that we will have, ready to roll out, because of successful piloting, once you know the university admissions people, parents, employers, the kids themselves think it is the bee’s knees, then you can roll that out throughout all the schools in Wales maybe in 2007/08 because we are in the third year now of the pilot phase.

Early Years: again, three to seven, you know this big controversy worldwide: what is the best way to teach three to seven year olds to get them ready for reading and writing? Is it the Scandinavian model, the kindergarten learn-through-play or is it the traditional British model of learn through learn, with paper and pencil and a bit of testing here and there, the formalisation of education at a very early age? We have decided to break with British tradition and go Nordic, if you like, and go for the Scandinavian kindergarten model of learn through play. That was inconceivable under the days of the old Welsh Office. That is a policy initiative which will have fundamental effects on Wales, possibly followed in the rest of the United Kingdom – who knows? If it is successful, the benefits of that will be seen over the next 20, 30, 40 years.

**Hugh Malyan (Chair):** Thank you very much. The Baccalaureate one is very interesting because obviously it is what you wanted to do and that has been successful for you, but of course there is the added benefit that there is the old-fashioned pilot route for a bigger, English government as well that could see that somewhere else...

**Rhodri Morgan (First Minister for Wales):** Bill Clinton (Former US President) always used to say that having 50 states in the USA meant that you had 50 living laboratories for different policy ideas and everybody could ring everybody up. There are whole consultancy outfits in the USA, which are just based on CD-ROMs of what every different state is doing. Then, the Governor of Illinois will ask the local consultancy outfit to, say, ‘Can you find who seems to be doing best in the area of Welfare to Work (WtW) or teaching kids to read or turning round failing schools or whatever it might be.’ They just get all the CD-ROMs up from California to Wyoming to Connecticut or whatever and then they will say, ‘We think the best model is in Montana or Minnesota or whatever.’ You have these 50 living laboratories. In the UK, sort of, we have four but four is better than one. On the Baccalaureate or Early Years, three to seven, I think it is possible that there will be a degree of following and likewise, we are not proud. I mean, on waiting-list management we have been borrowing staff and hiring in expertise from England because England has been so much more successful than we have in cracking long waiting lists.

**Steve Hitchins (ALG):** The issue that I am really fascinated about is that we now have regional government in London but we still have regional administration with the Government Office for London (GOL) and how did you manage away – as we are informed you have done, you may want to correct me – the enormous size of the Welsh Office into what it is now?

**Rhodri Morgan (First Minister for Wales):** The Welsh Office became the civil service of the Assembly.

**Steve Hitchins (ALG):** We just got another one.

**Rhodri Morgan (First Minister for Wales):** Yes, well I did not realise that, I have to admit. You cannot really have parallel control. What is now the Wales Office, as distinct from the old Welsh Office, is the Secretary of State's office and that was always envisaged to be a small, policy advisory office and an office which deals with House of Commons matters. Even on the Bill now, which is in the course of being written to put into parliamentary effect the White Paper on Better Governance for Wales, they have to borrow a lot of our staff in order to give the Secretary of State appropriate support in framing the Bill because obviously all the staff are with us. I think probably the staff of the Wales Office is about 50 or 60 now, is it?

**Lawrence Conway (Principle Private Secretary for the First Minister for Wales):** Yes, something of that kind.

**Rhodri Morgan (First Minister for Wales):** Whereas we are 3,500, I think it is now, so obviously the staff resources and the budget of the old Welsh Office all transferred to the Assembly and the new office, the Wales Office, was created to act as a bridge through to Parliament because we do not have primary legislative powers and somebody has to advise the Secretary of State on primary legislative matters and the junior minister has to take the Welsh clauses of any England and Wales Bill through. He does need advice when they are taking through the five Welsh clauses, sometimes 20 Welsh clauses in half a dozen Bills in any one typical parliamentary year.

**Hugh Malyan (Chair):** We still have the whole of the Government Office for London, as well as the GLA, as well as the Mayor's staff.

**Rhodri Morgan (First Minister for Wales):** I did not realise that. Shall we say, an interesting situation?

**Steve Hitchins (ALG):** And it has grown. It has got bigger since the setting up of the GLA.

**Rhodri Morgan (First Minister for Wales):** Is this like when you hire the British School of Motoring (BSM) to learn how to drive and there is a sort of dual-control sort of thing?

**Steve Hitchins (ALG):** It is slightly worse than that. It sometimes feels as though the controls are on different cars.

**Rhodri Morgan (First Minister for Wales):** You have two cars in the dodgems, yes I see.

**Hugh Malyan (Chair):** Right, we will stop there and just to say a very, very big thank you to both of you, Rhodri in particular for giving us your time. That has been tremendously useful to us, particularly to be able to talk to someone who has had a new authority over the last six years, where there are some similarities in terms of a regional agenda, has been extremely useful to us. Thank you very much for fitting us in today.

**Rhodri Morgan (First Minister for Wales):** It has been delightful. Thank you, my pleasure. Good to see you again.

**Hugh Malyan (Chair):** Okay, that is it for today's session because we have cleared up our interim report yesterday.

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### Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

### Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız

### Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

### Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

### Bengali

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### Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

### Arabic

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જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

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**LONDON** ASSEMBLY

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